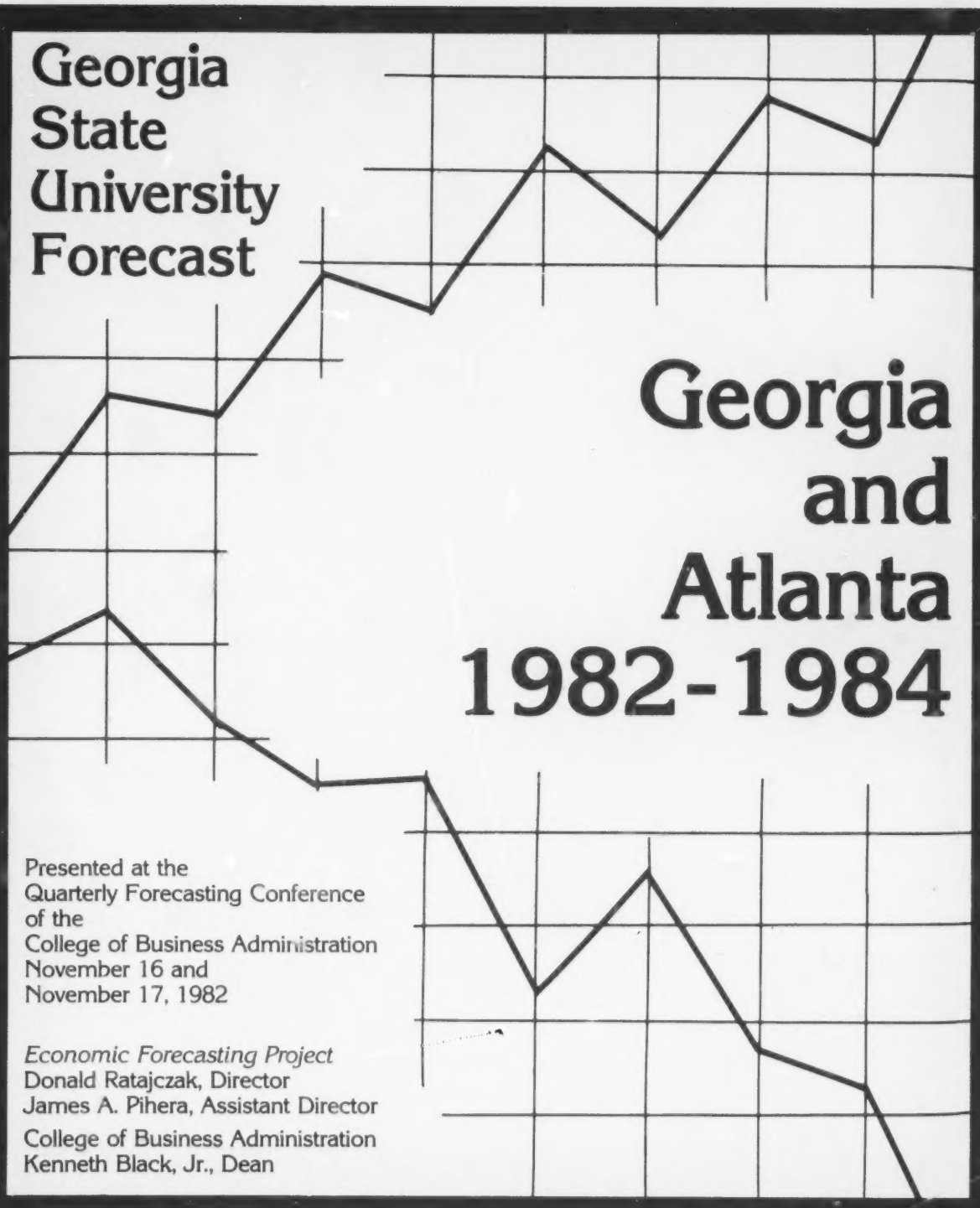
11/22/82 U1880-2 A

Georgia State University Forecast

Georgia and Atlanta 1982-1984



Presented at the
Quarterly Forecasting Conference
of the
College of Business Administration
November 16 and
November 17, 1982

Economic Forecasting Project
Donald Ratajczak, Director
James A. Pihera, Assistant Director

College of Business Administration
Kenneth Black, Jr., Dean

Georgia State University is a unit of the University System of Georgia.

BEST AVAILABLE COPY

GEORGIA RECOVERY MUST AWAIT 1983

Dr. Donald Ratajczak, Director
Economic Forecasting Project
Georgia State University

Recent Activity

Georgia's economy suffered a false start during the spring. For several months the coincident indicators rose and the leading indicators confirmed that the beginning of economic recovery was developing. Gains in personal income were especially vigorous, as Georgia showed the fifth best growth in personal income during the spring. Unfortunately, sharp increases in energy prices had a disproportionate impact upon consumer activity in Georgia. As a result, that economic recovery did not last into the summer.

Although the recently released personal income performance for Georgia in the second quarter is history, a close analysis provides a microcosm of what probably went wrong with the anticipated recovery nationwide. Most manufacturing industries thought that inventories were progressing toward desired levels after a period of extreme liquidations during the winter. As a result, earnings in manufacturing increased at a 35% annual rate in Georgia during the spring. Farm income, responding to the harvesting of winter wheat and some improvement in livestock prices, showed a 50% increase between the two quarters. Earnings in transportation responded to increasing manufacturing, while financial earnings also rose sharply. These large gains contributed to a 10.2% gain at annual rates in wage and salary earnings and a 10.8% annual rate of increase in nonfarm personal income. These gains vastly exceeded those nationwide.

Unfortunately, neither construction nor consumption responded favorably to this expansion in manufacturing and related payrolls. Earnings in construction declined 2.1% at annual rates while earnings in the trade sectors advanced 3.9%. In both instances, these increases fell far short of the recessionary gains reported nationwide. With no support from the consumer or construction sectors and with no vigorous advance in national economic activity, the gains in manufacturing and transportation could not be sustained.

This second quarter surge in Georgia's personal income was sufficient to raise changes in nonfarm personal income in Georgia above national changes over the previous four quarters. However, this relative gain in personal income is not evidence of relative strength in Georgia. Wage and salary income in Georgia grew only 4.6% in the past year, as compared to a 5.1% gain in the United States. More rapid expansion of federal civilian and federal military earnings accounted for the only relative gains by sector that Georgia experienced over that period. Unemployment insurance benefits grew more rapidly in Georgia during the last year than in the nation.

During the summer the Georgia economy weakened noticeably. According to the coincident indicators monitored by GSU, economic activity in Georgia declined at

a real annual rate of 0.9% in the quarter. This compares with a preliminary estimate of a 0.8% increase in national GNP. The coincident indicators, which measure current conditions in Georgia's economy, have declined modestly for four consecutive months. More significantly, the leading indicators have fallen sharply for four months, although the degree of decline has lessened in the latest period. After adjustment for inflation, revenue gains in Georgia declined for four consecutive months before an upturn developed in October. Other areas of weakness included mortgage loans outstanding, nonresidential contracts, and layoffs. However, an improvement in the flow of savings capital into mortgage lending institutions may result in lower mortgage rates and expanding mortgages outstanding in the months ahead. The conventional mortgage rate in Georgia should dip below 13% by the spring of 1983. Rates as low as 12% are possible by the end of 1983. However, little further improvement in mortgage rates is anticipated in 1984.

Seasonally adjusted estimates of nonagricultural employment, which are shown in Table 5, continue to miss the degree of strength in Georgia's economic activity relative to the nation's. In the third quarter, seasonally adjusted employment declined only at an annual rate of 0.6% in Georgia as compared to a 3.0% rate of decline in the nation. However, the coincident indicators clearly demonstrate that economic activity was especially weak in Georgia. Possibly, differential employment gains reflect relative changes in productivity, for corporate profits in Georgia began to deteriorate sharply in the summer even as they showed no further degree of decline nationwide. Preliminary estimates of employment in September show that activity was continuing to weaken as the quarter ended. Our estimates of leading and coincident indicators confirm that such weakness indeed was continuing.

Declines in nonresidential construction contracts are beginning to be reflected in construction employment. Although housing activity is expected to increase sharply early in 1983, any employment gains in that sector are expected to be offset by sluggish performance in nonresidential construction. Nevertheless, little further decrease in construction employment is anticipated before sharp gains in housing activity during the spring turn that sector upward.

Much of Georgia's recent weakness has been reflected in durable goods. One auto assembly plant has been indefinitely closed while another has been periodically subject to weekly shutdowns. The C5-B contract is coming closer to reality, but the impact of that contract upon employment activity in Georgia will be negligible until 1984. Continuing weakness in construction is reflected in building related manufacturing sectors, although furniture employment appears to have begun a modest recovery. Finally, widespread weakness in metals and machinery, which has occurred nationwide, is also being reflected in Georgia. The fall-off in primary metals is not as severe in this state as nationwide, but disruptions in machinery and fabricated metals continued to intensify into October.

Weakness in nondurable manufacturing may be ending. Weak consumer response to fall apparel is impacting that sector, but a very modest recovery appears to have begun in textiles. Because industrial activity is continuing to decline, the paper industry, which provides materials for construction and shipments, is continuing to exhibit substantial weakness. Some weakness also remains in the chemicals industry. These latter industries normally remain weak until after industrial production begins to rise.

Until the latter part of October, retailers had little to cheer about in consumer activity. As a result, they continued to reduce employment. Further declines are still anticipated for the wholesale sector through the fourth quarter. Consolidation of financial institutions has had an adverse impact upon employment in that sector, although an impending increase in real estate activity may increase the employment projections for the real estate component early in 1984. Trucking outside Atlanta has suffered significantly in this latest slump, and further reductions are likely until the beginning of 1983. Finally, the increase in federal civilian employment appears to be related to increased military activity in the state while tight budgets have prevented any expansion in state and local payrolls. Both the military build-up and tight budgets are expected to continue into 1983. This summer's setback in Georgia's employment opportunities has led to a downward revision from a 0.8% decline in our previous report to a 1.2% decline now. This represents 25,400 fewer jobs.

Large increases in consumer prices in Atlanta relative to the nation continued into the summer. In the June-August period, the CPI in Atlanta increased 1.5% as compared with a gain of 0.8% for the nation. As a result, Atlanta's inflation rate is now 1.2 percentage points higher over the latest twelve month period than in the nation. The biggest discrepancy continues to be in homeownership, where prices rose 3.5% in Atlanta versus 0.8% nationwide in a two month period. Although some of this relative gain is in housing prices (the average price of a house financed by mortgage lending institutions was $106.1 thousand in Atlanta as compared to $77.9 thousand nationwide), a slower decline in mortgage rates in Georgia also appears to be a factor. Price increases in Atlanta also appear to be more vigorous in apparel (especially footware) and medical care. Partially offsetting these areas of significant price increases are slower-than-national gains or actual declines in fuels (including natural gas), entertainment, and rent. Indeed, there appears to be little pressure in the rental market at the present time in Atlanta. This should prevent significant price increases from developing in housing, at least until some inflationary pressures reappear. (In the latest two months, rents in Atlanta declined 0.3% versus a 1.5% gain nationwide.) Because of these continuing problems in the inflation area, the CPI in Atlanta is expected to exceed national rates by a full percentage point. On the other hand, the disinflationary trend nationwide will be reflected in Georgia's CPI this year and early in 1983. As a result, year-over-year CPI changes for Atlanta are expected to be only 5% in 1982. A similar rate of price advance is anticipated in the Atlanta CPI for 1983. Our early estimate of price change for 1984 is an increase of slightly less than 6%.

Fortunately, the acceleration of inflation during the second quarter coincided with significant gains in personal income in that quarter. As a result, taxable sales were able to expand 4.5%. Moreover, weakness in income growth during the third quarter accounts for much of the observed weakness in consumer activity over that period of time. In the latest five quarters, taxable sales have increased 4.5%, 2.7%, 8.3%, 10.3%, and 9.2% above previous year levels. Savings rates probably rose slightly in the third quarter, but the capacity of the Georgia consumer to lead an economic recovery at the present time is not substantial. Nevertheless, retail surveys suggest that consumer activity began to accelerate during the second half of October. If this trend continues, many retailers still may find that Christmas is relatively merry.

The nearly negligible decline in employment that appears in our seasonally adjusted Table 5 during the summer is reflected in unemployment rates in Georgia

versus the nation. In September the insured unemployment rate in Georgia remained at the 3.2% that occurred in June. The Atlanta insured unemployment rate rose slightly to 4.3% from 4.1% in June. By contrast, the national insured unemployment rate reached 5% in the same month. The gap between overall unemployment rates in Georgia and the nation widened to 2.2 percentage points in September. Before seasonal adjustment, the unemployment rate nationwide was 9.7% in September, while the seasonally adjusted rate reached 10.1%. Georgia's unadjusted rate stood at 7.5%, unchanged from August. Atlanta regained the title as low unemployment area with a 6.3% unemployment rate in September. The rate in Macon rose to 6.9% from 6.6% three months ago. The unemployment rate in Savannah continued its upward drift to 7.5% in September from 7.4% in June. However, problems with employment at a major paper products company in Savannah may significantly add to unemployment in the months ahead. Paper products are posing a problem in Augusta, where the unemployment rate soared to 10.4% in September, up significantly from 9.2% in June. Indeed, Augusta now has the unemployment rate title of all metropolitan areas in the state. Columbus, which previously had that distinction, showed significant improvement from the 11.5% unemployment rate in June to a rate of 9.4% in September. Albany also showed some improvement with the unemployment rate falling from 9.7% in June to 9.2% in September. For 1982, unemployment in Georgia has increased by 1.3 percentage points. A further 1 percentage point increase is anticipated for 1983. In 1984, the unemployment rate should decline by about 0.8 percentage points, leading to an average unemployment rate in that year of 6.9%.

Deposit flows began to improve in the third quarter for most mortgage lending institutions, but institutions continue to reduce mortgages outstanding. In Georgia, mortgages outstanding declined 3.0% in the latest three month period. Declines in the nation were a smaller 0.8%, but the southeast decline was a huge 6.2%. Nationwide, savings capital expanded 1.4% in the latest three month period, although deposits continued to decline by 0.7% in Georgia and by 2.9% in the southeast. Our indicators suggest, however, that this negative trend has since reversed in deposits although not yet in mortgages outstanding. Mortgage commitments increased by 1.6% in Georgia while they were increasing 1.9% nationwide. In the southeast, however, commitments declined 2.8%. Georgia associations continue to have difficulty in stemming the flow of red ink, as their net worth fell 6.6% in the latest three months. This compares with declines of 4.2% for all southeastern associations and of 3.6% for all national associations. Nevertheless, the recent decline in short-term interest rates may lead to improving net worth in all associations by the early months of 1983.

The combined impact of recession and declining inflationary pressures have devastated Georgia tax revenues. In the summer total revenues increased only 4.1% from previous year levels, although revenues were running at a 7% gain in October. Previous quarterly gains were 6.0%, 7.7%, 10.5%, and 11.1%, respectively. Even if the bottom of this revenue trend has been reached, recovery will be relatively slow. Indeed, continuing weakness in corporate income suggests that the strength that has been developing in individual income tax payments may not persist. For that reason, we have reduced our revenue projections for the next fiscal year from the 8.5% gain in our last report to 7.5%. A budget shortfall of some $90 million appears to be developing. The Governor has adjusted spending by $75 million in anticipation of such a shortfall, but modest further reductions may be required to meet constitutional provisions. Revenue should grow at a 9.5% annual rate in the subsequent year.

Sales tax receipts in the third quarter suggest that taxable sales may have

slowed relative to previous year levels in that quarter. Receipts showed only 4.6% growth, although they increased slightly to a 5% improvement in October. This compares with gains of 4.8%, 5.7%, 8.9%, and 9.8% in previous quarters. Because of disinflation, sales tax receipts may not show double-digit gains again. Nationwide, sales tax receipts expanded an equally sluggish 4.6% in the summer. This compares with increases of 7.1%, 4.2%, 6.6%, and 9.5% in previous quarters. Income tax collections remained strong in Georgia, showing a gain of 8.9% in the summer and a 14.6% increase in October over previous year levels. This compares with increases of 7.3%, 17.3%, 16.7%, and 17.6% in previous quarters. Personal income collections also showed modest improvement nationwide, with state and local tax collections growing 7.3% in the summer as compared with gains of 6.5%, 8.7%, 11.1%, and 14.7% in previous quarters. However, a 14.1% decline in corporate tax accruals during the summer suggests that some of those income gains may not be sustained. This decline is the first quarterly drop in Georgia since the recession began. Previously, corporate tax accruals increased 8.2% in the spring and also gained 5.8%, 11.6%, and 1.9% in previous quarters. Estimated corporate tax accruals for all state and local governments nationwide slumped 22.9% in the summer. However, these accruals had fallen 30.7% in the spring and also registered declines of 34.4% and 16.7% in previous quarters. Thus, the profit squeeze that Georgia was able to avoid until this summer has now arrived. This explains why economic activity could not sustain the spring recovery. It also suggests that revenue growth will remain exceedingly slow until early in 1983.

Summary of Outlook

Georgia's gross state product is now expected to decline 1.5% in 1982, only marginally better than the 1.6% decline anticipated nationwide. Economic activity is not expected to show any growth during the fourth quarter of 1982. In 1983, the Georgia economy should expand about 3.5%, nearly a percentage point more favorably than nationwide. By 1984, gross state product in Georgia should expand more than 4.5%, slightly more favorably than nationwide.

Sluggish performance in the summer and no significant recovery in the fall have led to a futher downward estimate of employment in Georgia for 1982. Employment now is expected to decline 1.2% this year before rising only 1.2% in 1983. Indeed, weakness is expected until the beginning of 1983. A more normal rate of employment expansion of 2.3% is expected in 1984.

Modest recovery is expected to begin simultaneously in retail trade and in construction activity. Housing activity is expected to expand by nearly 20% in 1983 over 1982 levels. Further housing gains are expected in 1984. Some improvement is developing in building related sectors, such as furniture. Scientific instruments are expected to rebound significantly in 1983. Unfortunately, gains in the machinery and transportation sectors are not expected until late in 1983. Thus, employment in durables manufacturing should show only modest gains next year before expanding vigorously in 1984.

Except for paper and chemicals, most of the nondurables industries have begun to stabilize. However, permanent plant closures suggest that significant rebounds from depressed employment levels are unlikely in 1983. Moreover, printing and paper production lag considerably behind other activities. Indeed, few nondurables industries show significant long-term growth at the present time.

Slow recovery in manufacturing should limit the rebound in transportation services. Airline traffic finally has begun to expand over previous year levels, but total traffic at Hartsfield probably will be 5% below 1981 levels in 1982. Little employment growth is expected in the airline sector in 1983. Wholesale trade should remain weak as inventories continue to be liquidated. Only in the latter part of 1983 will wholesale trade employment exceed previous year levels. Weakness in consumer activity has been reflected in slow growth for retail payrolls. Indeed, retail establishments outside Atlanta have declined in the last year. Recovery will be difficult, as when some of the job loss is the result of bankrupt dealerships. On the other hand, the finance and service sectors should continue to show employment growth. Unlike the serious 1973-1975 recession, where all sectors showed employment weakness, the service and financial sectors are withstanding this current economic decline. Finally, sharp expansion of federal payrolls appears to be related to increased military activity within the state. Further expansion is likely, but on a reduced scale from what has developed in the last two years.

Estimates of personal income growth have been reduced sharply in our latest projections. A major reason for this reduction has been the effects of reduced inflationary pressures on wage gains. However, reduced employment and shortened workweeks also are partially reflected in the personal income projections. Moreover, unemployment insurance benefits will be declining sharply as employment starts to improve. This will coincide with significant slowing in property income because of reduced growth in interest payments. Finally, we have assumed that the social security problem will partially be resolved through accelerating the already approved payroll taxes for 1985 and 1986 to become effective in 1984. As a result, personal income in that year is prevented from reaching normal recovery levels.

Although the estimated 7.3% increase in personal income for 1982 is much lower than the 11.9% gain in 1981, consumer purchasing power has not been so adversely affected. First, disposable income increased 8.5% in 1982 as compared with a gain of 10.5% in 1981. Moderating tax rates also will cause disposable income to rise by more than 8% in 1983 before slowing to a 7.5% gain in 1984. Of course, inflation rates have declined sharply. As a result, real disposable income increased nearly 3% in 1982 and is expected to show a further 3% gain in 1983. Increases of slightly smaller proportions are anticipated for 1984.

As in the nation, Georgia's manufacturers were fooled by signs of increased economic activity during the spring. At the present time, however, manufacturing activity is falling as sharply in Georgia as in the nation. No economic growth is anticipated through the fourth quarter. Housing ultimately will begin to support economic expansion along with modest gains in consumer spending. By mid-1983 industrial demands throughout the nation should begin to firm. At that time, a noticeable economic recovery will have begun in Georgia. Nevertheless, employment and wage gains will be sharply smaller than in previous recoveries. Thus, total gains in economic activity will barely be sufficient to reduce the unemployment rate by 1984.

Atlanta's Recession Remains Mild

Atlanta's outlook is in sharp contrast to that just depicted for the state. In 1982, Atlanta should create 6800 new jobs, a 0.7% increase from the previous year. While this is a low level of job creation, it contrasts dramatically with

the large job losses expected statewide. Indeed, the September employment figures show an 11,200 job expansion in Atlanta from previous year levels as compared with a 32,600 job loss throughout the state. This surprising difference in performance largely rests upon differences in the composition of employment between Atlanta and the state. Employment has declined in construction, manufacturing, and state and local governments in Atlanta, just as declines have taken place in those sectors throughout the state. The degree of weakness in construction is very modest in Atlanta, as residential activity has expanded relative to a year ago, and as highway construction and MARTA developments have maintained high levels of nonresidential construction employment. In durable manufacturing, Atlanta performed less poorly than the state because of more efficient steel operating processes, the absence of nonferrous metal processing, and a surprisingly favorable performance for its relatively small nonelectrical machinery sector. By contrast, plant closures at Lakewood and intermittent closures at Doraville have placed a larger burden upon Atlanta's transporation equipment personnel than comparable personnel statewide. However, the C-5B contract should begin to stimulate employment gains in the transportation employment sector by the latter part of 1984.

With the exception of food processing, which expanded in Atlanta, nondurable employment showed comparable weakness in Atlanta and throughout the state. Permanent closings of several textile mills in the metropolitan area have resulted in a more dramatic job loss in that industry than statewide. The paper industry in Atlanta also has been more severely impacted than paper production statewide. On balance, however, the relatively small nondurable manufacturing sector in Atlanta has fared as poorly as throughout the state.

Atlanta differs from Georgia, however, in the service sectors. Employment and transportation services have hardly declined, while trade employment has expanded. Further expansion in trade currently is anticipated in the latter part of 1982, as recent retail surveys suggest that the Atlanta consumer is beginning to enter department stores. Significantly more substantial growth also continues to be recorded in the services industries.

Of course, the absence of a large manufacturing sector means that inventory cycles do not dominate Atlanta's employment prospects. In 1982, during a year of significant inventory liquidations, this has prevented employment from falling. In 1983 and 1984, when inventories should be restocked, surging manufacturing employment should not be a significant factor in encouraging Atlanta's expansion. However, significant gains in the service, finance, and residential construction areas suggest that the Atlanta economy will continue to outperform Georgia in the early part of this decade.

Although income growth will slow in Atlanta for many of the same reasons that incomes are slowing in Georgia, real purchasing power should continue to expand about a percentage point more rapidly in the metropolitan area than statewide. This, in turn, should encourage further expansion in retail activity.

One of the factors slowing the growth rate of Atlanta's economy in the next few years will be the need to absorb existing office facilities. Construction of new office space in the Perimeter area continues to fall a million square feet short of current construction rates on an annual basis. Rent concessions remain relatively modest, but the danger of significant price weakness still persists. In the downtown area the Coldwell Banker office vacancy index showed an increase from 15.2% in June to 20.1% in September. While this rate is dramatically above

the 8.9% rate recorded nationwide, it falls short of the 27% anticipated in the downtown area upon the completion of the Georgia Pacific and Marathon buildings. Thus, absorption in the Atlanta office market has slightly accelerated in recent months. As no new downtown buildings are developing, this vacancy rate problem will decline in the next year. Nevertheless, significant plans and construction along the perimeter suggest that office space is growing there in excess of needs at the present time.

In contrast to the office market, industrial vacancies declined to 2.4% in September from 2.6% in June according to the Coldwell Banker index. This contrasts with a nationwide increase to 4.6% in September. The Adams Cates index also indicates that warehousing facilities are no longer growing as rapidly as need. Of course, inventory liquidations may well empty some of those warehouses.

Atlanta's lending institutions continue to show the same problems in generating net worth that are being experienced throughout the country. In the latest three month period, net worth declined 6.4%. However, a sharp 5.6% increase in savings capital suggests that rising yields soon may develop in the Atlanta institutions. For instance, this capital base has permitted a 1.5% increase in mortgages outstanding. However, a 1.0% decline in commitments for future mortgages suggests that liquidity remains the maximum concern of Atlanta institutions.

Declining interest rates already have begun to excite Atlanta's builders, although many home buyers are waiting to see how low interest rates will fall before making commitments. If mortgage rates fall below 13% and then stabilize in the spring, as we expect, strong spring sales should encourage significant gains in housing activity. However, Atlanta already has been performing very acceptably relative to the nation. During the third quarter, single-family permits expanded by 56.5% from 2233 a year ago to 3495 this summer. The expansion in multi-family units was more restrained, rising only 21.5% to 1273 units from 1048 units a year ago. Indeed, single-family homes probably will experience most of the increase in activity during 1983. In September, the last available month, single-family permits grew 143.9% to 1356 from 556 a year ago. Multi-family units increased 44.5% to 250 from 173 a year ago. Condominiums, on the other hand, are beginning to lose their allure. In September, condominium permits fell 60.1% to 174 units from 436 units a year ago. Moreover, condominium permits now trail previous year levels. Despite the weakness in condominiums, total permits in the Atlanta metropolitan area increased 52.8% in September. In the first nine months of 1982, total permits have increased 16.4% from previous year levels. Of course, declining interest rates have encouraged housing activity throughout the country. For example, permits are up 33% in the south and 24.3% in the nation. The national pattern shows more permit growth in single-family than multi-family units. However, the magnitude of permit growth in Atlanta in comparison to the nation is exceedingly impressive.

Strong housing activity in Atlanta appears to be associated with surprisingly strong population movements. Although recessions reduce population flows, census figures and other data suggest that population growth remains very strong in Georgia and especially in Atlanta. In Table 4, we have revised upward our population growth estimates as a result of census estimates for population movements in 1981. Recession undoubtedly has restricted the growth in households, as young adults remain with their parents for extended periods. Households probably increased by only 15,600 in 1982. Our current estimates of

household formations in the metropolitan area are 18,900 in 1983 and 20,600 in 1984. It should be clear from these numbers that housing activity in 1982 is slightly in excess of housing needs, with increased vacancies being registered in the multi-family area. (Slightly more than 1000 housing units per year are removed from active use because of abandonment, vandalism, etc.) Current permit activity is not sufficient to meet housing needs for 1983.

The following table reveals current anticipations of single and mult-family permits for leading counties in the metro area (condos are included in the multi-family count):

	1981		1982		1983		1984	
County	single	multi	single	multi	single	multi	single	multi
Cherokee	620	101	750	0	800	50	920	100
Clayton	509	0	440	40	500	75	550	120
Cobb	2283	1156	3100	750	3650	800	4020	1150
DeKalb	1270	622	1975	1150	2220	1300	2300	1550
Forsyth	303	6	270	20	315	30	340	40
Fulton	1476	2247	2015	2500	2250	2100	2180	2350
Gwinnett	2817	1501	3425	1150	3990	1420	4360	1750
Henry	336	6	310	15	345	25	400	35
Rockdale	267	4	230	120	265	100	290	100
Total	9881	5643	12515	5745	14335	5900	15360	7195
% Change From Previous Year	-17.8	30.8	26.7	1.8	14.5	2.7	7.2	21.9
Total % Change	-5.0		17.6		10.8		11.5	

(Totals include estimates for Woodstock, Snellville, Lawrenceville, Roswell, and include only those areas covered by the Home Builders Association of Metro Atlanta.)

Gwinnett has recaptured the permit lead from Fulton during the third quarter, although it continues to trail Fulton's averages for the year. In the quarter Gwinnett had 956 single-family permits as compared with 568 in the same quarter a year ago. Permits for multi-families and condominiums were 345 versus 93 a year ago. Fulton had 554 single-family permits versus 344 a year ago. Multi-family and condo activity was 651 during the summer as compared with 503 a year ago. Single-family activity continues to be strong in Cobb with 840 permits as compared with 598 a year ago. However, multi-family and condominium

activity has significantly slowed in that county with only 73 permits as compared with 224 a year ago. Multi-family activity also has slowed in Dekalb to 167 permits from 200 a year ago, although single-family units have grown sharply to 518 from 294 in the previous year. Cherokee solidified its hold on fifth place with 235 single-family units versus 157 a year ago. Multi-family permits are not significant in that county, although there were 6 in the prior summer. Although Clayton has lost its ranking to Cherokee, single-family activity is beginning to stir there. In the summer, single permits were 168 versus 80 a year ago. Moreover, 16 multi-family permits were initiated versus 0 a year ago. The multi-family glut on the south side that has persisted since 1973 appears to be subsiding. In the outlying counties, Henry had 85 single-family permits versus 73 a year ago, Forsyth had 75 versus 59 a year ago, while Rockdale had 64 versus 60 a year ago. All those counties also had a few multi-family permits. Construction of both single and multi-family units may be excessive for Fulton at the present time but housing activity in all other counties appears to be tracking current housing needs.

Taxable sales did not indicate that personal income was growing more rapidly in Atlanta than statewide in the first quarter. While taxable sales statewide were struggling to show a 4.5% gain in the second quarter, they increased 5.8% from previous year levels in Atlanta. Fulton continued to lose its share of taxable sales, falling to 42.4% of all metro sales versus 43.3% a year ago. DeKalb is the major receipient of retail activity moving from Fulton, showing a 9% gain in taxable sales over the previous year. Other counties with large retail activities showing significant gains in taxable sales include Cobb (8.6%), Clayton (6.1%), and Gwinnett (5.0%). The small counties showing significant growth in taxable sales include Paulding (7.7%), Forsyth (6.2%), Fayette (6.0%), and Rockdale (5.7%). However, several of these counties experiencing reasonable growth from previous year levels have not been able to sustain the year-over-year gains registered in the first quarter. The slowing trend is apparent in Paulding, Clayton, Gwinnett, Cherokee, Newton, and Douglas counties. Although Atlanta accounts for 46.6% of personal income generated in the state, it creates 48.4% of all taxable sales.

Jobs currently are being lost in contract construction, manufacturing, and state and local government. Those areas all should begin recovering early in 1983. More vigorous expansion is expected in manufacturing during 1984. While transportation services and wholesale trade may show minimal gains in the next year, they are developing foundations for significant expansion in 1984. Continuing growth in the retail and services sectors insure significant job gains in Atlanta, despite the absence of significant recalls from previous layoffs. Because the recovery has taken so long to develop in Georgia, job prospects in Atlanta for 1983 have been reduced by 3000 jobs from previous projections to a gain of 21,000 jobs. On the other hand, jobs now are expected to expand by 31,000 in 1984, an increase of 2000 from previous projections.

Atlanta currently is suffering two economic problems. First, office building clearly is excessive for current Atlanta absorption rates, and residential construction (especially condominiums and multi-units) may be slightly ahead of market needs. Continued growth in metro Atlanta will eliminate these problems by the end of 1984 and in 1983, respectively. Second, both the commercial and retailing center of the metropolitan area appears to be shifting to the north. To the extent that this shift increases the attractiveness of metropolipolitan Atlanta to outsiders, thereby increasing the economic base of the metropolitan area, these changes are not worrisome. However, displacement of down-

town activities with comparable activities on the perimeter will sharply reduce the effective utilization of the transporation network and the existing capital facilities. While the perimeter will achieve some net economic benefits from this shift, the metropolitan area will be a significant loser. Hopefully, MARTA's rapid rail will become fully operational before its transportation patterns become obsolete.

Although changes in the strategic development of Atlanta cannot be divorced from any projections, sufficient time remains to resolve metropolitan development problems. In the meantime, Atlanta is fortunate to experience a mild recession when the remainder of the state and the nation are suffering a severe downturn.

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Table 1

Georgia Wage & Salary Employment for 1981 With Forecasts for 1982 Through 1984
(Thousands)

Industry	1981	1982	1983	1984	80-81	81-82	82-83	83-84
1. Mining	7.8	7.8	7.9	8.0	0.0	0.0	1.3	1.3
2. Contract Construction	102.4	99.1	101.9	104.4	-2.7	-3.2	2.8	2.5
3. Manufacturing	519.9	495.1	500.6	514.5	0.1	-4.8	1.1	2.8
Durables	182.9	173.6	175.3	182.2	1.0	-5.1	1.0	3.9
Lumber	28.7	27.4	28.0	28.7	-0.7	-4.5	2.2	2.5
Furniture	9.3	9.5	9.8	10.1	-1.1	2.2	3.2	3.1
Stone, Clay, Glass	16.7	15.9	16.3	16.6	-5.6	-4.8	2.5	1.8
Primary Metals	17.6	16.2	16.6	17.1	6.7	-8.0	2.5	3.0
Fabricated Metals	20.0	18.2	18.4	19.0	4.3	-9.0	1.1	3.3
Nonelectrical Machinery	22.5	20.7	20.5	21.4	0.9	-8.0	-1.0	4.4
Electrical Machinery	21.9	21.1	20.9	21.9	7.9	-3.7	-0.9	4.8
Transportation Equipment	35.7	34.9	34.7	36.6	5.3	-2.2	-0.6	5.5
Other Durables	10.4	9.7	10.1	10.8	-6.3	-6.7	4.1	6.9
Nondurables	337.1	321.5	325.3	332.3	-0.4	-4.6	1.2	2.2
Food	59.7	59.5	59.8	60.6	0.7	-0.3	0.5	1.3
Textiles	113.7	103.2	106.4	108.7	-3.3	-9.2	3.1	2.2
Apparel	71.1	69.7	70.1	71.2	-1.7	-2.0	0.6	1.6
Paper	28.9	27.9	27.7	28.6	1.8	-3.5	-0.7	3.2
Printing	24.1	23.8	24.0	24.6	3.0	-1.2	0.8	2.5
Chemicals	17.4	16.8	16.8	17.4	3.0	-3.4	0.0	3.6
Leather	2.4	2.1	2.1	2.0	4.3	-12.5	0.0	-4.8
Other Nondurables	19.9	18.5	18.4	19.2	9.9	-7.0	-0.5	4.3
4. Transportation, Comm. & Utilities	143.6	142.0	141.9	145.2	2.3	-1.1	-0.1	2.3
5. Trade	503.1	497.0	500.6	511.5	0.7	-1.2	0.7	2.2
Wholesale	159.8	156.9	157.1	159.7	1.5	-1.8	0.1	1.7
Retail	343.3	340.1	343.5	351.8	0.3	-0.9	1.0	2.4
6. Finance, Ins. & Real Estate	113.7	115.4	118.6	123.0	1.4	1.5	2.8	3.7
7. Services	358.5	365.4	373.7	384.5	3.7	1.9	2.3	2.9
8. Government	434.1	435.9	438.7	443.4	1.1	0.4	0.6	1.1
Federal	87.5	90.1	90.5	91.3	2.2	3.0	0.4	0.9
State & Local	346.6	345.8	348.2	352.1	0.8	-0.2	0.7	1.1
Total Wage & Salary Employment	2183.1	2157.7	2183.9	2234.5	1.1	-1.2	1.2	2.3

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Table 2 Georgia Personal Income for 1981 With Forecasts for 1982 Through 1984
(Revised, Millions of Dollars)

	1981	1982	1983	1984	80-81	81-82	82-83	83-84
Labor & Proprietors' Income:								
1. Wage & Salary Income	32696	34312	36743	40044	11.0	4.9	7.1	9.0
2. Other Labor Income	2982	3311	3629	3966	11.9	11.0	9.6	9.3
3. Proprietors' Income	2845	2757	3087	3358	24.6	-3.1	12.0	8.8
Farm	535	445	578	669	822.4	-16.8	29.9	15.7
Nonfarm	2311	2312	2509	2689	3.8	0.0	8.5	7.2
Labor & Proprietors' Income:								
1. Farm	772	692	843	962	162.5	-10.4	21.8	14.1
2. Mining	158	164	177	192	9.4	3.8	8.1	8.3
3. Contract Construction	1997	2069	2280	2501	5.5	3.6	10.2	9.7
4. Manufacturing	9036	9173	9876	10855	10.7	1.5	7.7	9.9
Durables	3750	3747	4043	4480	12.1	-0.1	7.9	10.8
Nondurables	5285	5426	5833	6375	9.7	2.7	7.5	9.3
5. Transportation & Utilities	3846	4015	4268	4657	12.2	4.4	6.3	9.1
6. Trade	7378	7684	8159	8897	9.9	4.1	6.2	9.0
Wholesale	3571	3721	3978	4348	10.7	4.2	6.9	9.3
Retail	3807	3963	4181	4549	9.3	4.1	5.5	8.8
7. Finance, Ins. & Real Estate	2120	2311	2533	2814	9.3	9.0	9.6	11.1
8. Services	5864	6276	6828	7463	13.0	7.0	8.8	9.3
9. Other Industries	144	152	161	173	14.1	5.6	5.9	7.5
10. Government	7198	7844	8334	8854	10.4	9.0	6.2	6.2
Federal Civilian	1813	1961	2071	2183	9.3	8.2	5.6	5.4
Federal Military	986	1127	1236	1327	4.7	14.3	9.7	7.3
State & Local	4412	4756	5027	5344	12.5	7.8	5.7	6.3
Plus:								
Property Income	6967	7806	8266	8964	20.6	12.0	5.9	8.4
State U.I. Benefits	189	315	268	215	-6.0	66.7	-14.9	-19.8
Other Transfers	6555	7415	7889	8339	14.0	13.1	6.4	5.7
Residence Adjustment	-109	-120	-134	-136	-	-	-	-
Less: Social Ins. Contributions	2329	2476	2698	3120	19.4	6.3	9.0	15.6
Equals: Total Personal Income	49797	53320	57050	61630	12.9	7.1	7.0	8.0
Nonfarm Personal Income	49025	52628	56207	60668	11.9	7.3	6.8	7.9
% of U.S. Nonfarm	2.07	2.07	2.08	2.08	-	-	-	-

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Table 3 Atlanta SMSA Wage and Salary Employment for 1981 With Forecasts for 1982 Through 1984
(Thousands)

Industry	1981	1982	1983	1984	80-81	81-82	82-83	83-84
1. Contract Construction	45.5	44.5	46.2	47.3	-2.2	-2.2	3.8	2.4
2. Manufacturing	146.1	141.3	143.4	150.8	1.5	-3.3	1.5	5.2
Durables	73.9	71.4	72.3	77.3	3.2	-3.4	1.3	6.9
Lumber	2.9	2.7	3.0	3.3	-6.5	-6.9	11.1	10.0
Furniture	3.7	3.8	3.8	4.0	2.8	2.7	0.0	5.3
Stone, Clay, Glass	7.0	6.7	7.0	7.2	-4.1	-4.3	4.5	2.9
Primary Metals	5.2	5.5	5.5	5.8	4.0	5.8	0.0	5.5
Fabricated Metals	7.9	7.3	7.2	7.8	0.0	-7.6	-1.4	8.3
Nonelectrical Machinery	8.3	8.5	8.8	9.3	9.2	2.4	3.5	5.7
Electrical Machinery	11.0	10.5	10.9	11.4	6.8	-4.5	3.8	4.6
Transportation Equipment	24.3	23.1	22.6	24.7	4.3	-4.9	-2.2	9.3
Other Durables	3.5	3.3	3.5	3.8	-2.8	-5.7	6.1	8.6
Nondurables	72.2	69.9	71.1	73.5	-0.1	-3.2	1.7	3.4
Food	19.1	19.3	19.6	19.9	0.0	1.0	1.6	1.5
Textiles	6.3	5.1	5.0	5.2	-12.5	-19.0	-2.0	4.0
Apparel	9.0	8.6	8.9	9.3	-7.2	-4.4	3.5	4.5
Paper	8.5	7.9	8.1	8.6	7.6	-7.1	2.5	6.2
Printing	15.8	15.6	15.7	16.2	2.6	-1.3	0.6	3.2
Chemicals	7.6	7.3	7.5	7.7	4.1	-3.9	2.7	2.7
Other Nondurables	6.0	6.1	6.3	6.6	5.3	1.7	3.3	4.8
3. Transportation, Comm. & Utilities	89.1	89.3	89.7	92.6	3.8	0.2	0.4	3.2
4. Trade	269.7	274.0	279.4	286.1	1.5	1.6	2.0	2.4
Wholesale	104.2	104.6	105.1	105.9	2.9	0.4	0.5	0.8
Retail	165.5	169.4	174.3	180.2	0.7	2.4	2.9	3.4
5. Finance, Ins. and Real Estate	67.6	68.1	69.9	72.6	0.3	0.7	2.6	3.9
6. Services	208.7	217.6	225.4	233.1	4.7	4.3	3.6	3.4
7. Government	162.3	161.2	162.9	165.1	1.6	-0.7	1.1	1.4
Federal	35.8	35.9	35.8	35.9	5.3	0.3	-0.3	0.3
State & Local	126.5	125.3	127.1	129.2	0.6	-0.9	1.4	1.7
Total Wage & Salary Employment	989.2	996.0	1016.9	1047.6	2.1	0.7	2.1	3.0

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Table 4 Atlanta SMSA Personal Income with Estimates for 1981 and Forecasts for 1982-1984
(Millions of Dollars)

	1981	1982	1983	1984	80-81	81-82	82-83	83-84
Labor & Proprietors' Income:*								
1. Wage & Salary Income	16626	17683	19077	20950	12.3	6.4	7.9	9.8
2. Other Labor Income	1644	1833	2018	2210	12.9	11.5	10.1	9.5
3. Proprietors' Income	1163	1164	1259	1350	4.8	0.1	8.2	7.2
Farm	23	20	22	22	-	-	-	-
Nonfarm	1140	1144	1237	1328	4.5	0.3	8.2	7.3
Labor & Proprietors' Income:								
1. Farm	35	34	37	39	20.7	-2.9	8.8	5.4
2. Mining	19	21	23	25	5.5	10.5	8.3	8.7
3. Contract Construction	994	1040	1156	1268	6.0	4.6	11.2	9.6
4. Manufacturing	3173	3256	3521	3958	12.4	2.6	8.1	12.4
Durables	1860	1889	2044	2326	14.3	1.6	8.2	13.8
Nondurables	1313	1367	1477	1632	10.0	4.1	8.0	10.5
5. Transportation & Utilities	2621	2770	2959	3254	13.7	5.7	6.8	10.0
6. Trade	4747	5070	5443	5932	11.1	6.8	7.4	9.0
Wholesale	2759	2935	3150	3414	12.1	6.4	7.3	8.4
Retail	1988	2135	2293	2518	9.7	7.4	7.4	9.8
7. Finance, Ins. & Real Estate	1467	1588	1737	1933	8.2	8.2	9.4	11.3
8. Services	3607	3946	4345	4770	14.0	9.4	10.1	9.8
9. Other Industries	33	36	39	42	13.0	9.5	9.2	7.3
10. Government	2737	2919	3094	3289	12.1	6.6	6.0	6.3
Federal Civilian	836	882	925	970	12.4	5.5	4.9	4.8
Federal Military	88	96	104	111	3.5	9.6	8.2	6.5
State & Local	1813	1941	2065	2208	12.3	7.1	6.4	6.9
Plus:								
Property Income	3013	3414	3632	3977	21.3	13.3	6.4	9.5
Transfer Payments	2234	2547	2689	2827	13.3	14.0	5.6	5.1
Residence Adjustment	-576	-601	-593	-615	-	-	-	-
Less: Social Ins. Contributions	1121	1214	1334	1555	20.5	8.3	9.9	16.6
Equals: Total Personal Income	22983	24826	26748	29144	13.0	8.0	7.7	9.0
Nonfarm Personal Income	22948	24792	26711	29105	13.0	8.0	7.7	9.0
% of Georgia Nonfarm	46.81	47.11	47.52	47.97	-	-	-	-
Population (#,Thousands)	2079	2114	2147	2184	2.19	1.66	1.59	1.72

*Earnings on a residence basis

Georgia State University
College of Business Administration
Economic Forecasting Project
November 1982

Table 5 Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	81-3	81-4	82-1	82-2	82-3(P)	Sept.(P)	81-3	81-4	82-1	82-2	82-3(P)	Sept.(P)
Total	2182.0	2174.4	2174.9	2157.6	2154.2	2144.1	985.7	989.8	996.8	994.2	997.4	993.4
Mining	7.8	7.9	7.9	7.8	7.8	7.9	---	---	---	---	---	---
Contract Construction	100.2	100.5	103.2	99.2	96.4	95.6	43.8	44.4	46.4	44.2	43.4	42.8
Manufacturing	522.5	515.0	504.2	496.6	492.7	489.8	144.5	146.7	144.3	141.3	141.1	139.2
Durables	183.7	180.7	177.2	174.8	173.5	170.8	72.9	73.6	73.2	71.4	71.9	69.8
Lumber	28.9	27.8	27.5	27.4	27.4	27.2	2.9	2.9	2.7	2.6	2.6	2.7
Furniture	9.7	9.5	9.2	9.4	9.7	9.8	3.8	3.6	3.9	3.9	3.8	3.8
Stone, Clay, Glass	16.6	16.3	16.1	15.8	15.9	15.7	6.8	6.7	6.6	6.4	6.7	6.8
Primary Metals	17.9	17.5	16.6	16.3	16.1	16.1	5.4	5.5	5.6	5.5	5.5	5.5
Fabicated Metals	20.3	19.6	19.3	18.3	17.9	17.8	7.9	8.0	7.8	7.5	7.2	7.1
Nonelectrical Machinery	22.5	21.9	21.2	21.4	20.4	20.2	8.5	8.3	8.2	8.8	8.5	8.4
Electrical Machinery	22.3	22.0	21.9	21.5	21.0	20.6	11.1	11.0	10.9	10.6	10.6	10.5
Transportation Equipment	34.9	36.0	35.6	35.0	35.6	33.7	22.9	24.4	24.2	22.7	23.7	21.7
Other Durables	10.6	10.2	9.8	9.7	9.5	9.7	3.6	3.2	3.3	3.4	3.3	3.3
Nondurables	339.3	333.1	327.0	321.8	319.2	319.0	71.9	72.8	71.1	69.9	69.2	69.4
Food	59.8	59.9	59.8	59.7	59.4	59.2	18.8	19.6	19.4	19.2	19.0	19.2
Textiles	114.5	110.3	105.4	102.7	102.3	102.5	6.0	6.0	5.6	5.0	5.0	4.9
Apparel	71.3	70.8	70.7	69.7	69.3	69.3	9.0	8.8	8.6	8.7	8.5	8.6
Paper	29.1	28.8	28.5	28.1	27.6	27.4	8.7	8.4	8.2	7.9	7.7	7.8
Printing	24.0	24.1	23.8	23.7	23.8	23.8	15.8	16.1	15.8	15.6	15.6	15.5
Chemicals	17.5	17.5	17.5	17.1	16.6	16.5	7.6	7.7	7.4	7.3	7.2	7.3
Leather	2.4	2.4	2.1	2.1	2.1	2.2	---	---	---	---	---	---
Other Nondurables	20.6	19.4	19.2	18.7	18.1	18.1	6.1	6.3	6.1	6.2	6.2	6.1
Transportation, Comm. & Util.	142.6	143.5	143.1	142.7	141.6	140.9	89.2	89.2	88.9	89.5	90.0	89.2
Trade	502.2	499.8	501.0	499.9	495.7	493.0	269.9	268.8	272.1	275.0	274.4	273.5
Wholesale	159.8	159.5	158.6	157.3	156.4	155.6	104.7	105.0	104.8	104.0	104.9	104.8
Retail	342.3	340.7	342.4	342.6	339.3	337.4	165.1	163.8	167.3	171.0	169.5	168.7
Finance, Ins. & Real Estate	113.2	113.9	115.2	115.7	115.3	115.0	67.1	67.4	68.2	68.3	68.2	67.5
Services	358.9	361.6	366.1	363.6	365.0	366.7	209.0	211.5	216.9	215.9	218.3	219.1
Government	434.6	432.3	434.2	432.1	439.7	435.2	162.3	161.8	160.0	160.0	162.0	162.1
Federal	88.1	88.8	90.3	88.9	90.3	91.0	35.9	35.9	36.0	36.4	35.7	35.8
State & Local	347.4	343.3	343.9	343.2	349.4	344.2	126.4	126.0	124.0	123.6	126.3	126.3

Note: (P) Preliminary

The Georgia State University Economic Forecasting Project collects data, engages in analysis of macro-economic systems, and develops procedures that aid in the creation of econometric descriptions of the national, regional, and local economies. Our research is sponsored by the Georgia State University College of Business Administration and receives financial support from the following organizations:

The Citizens and Southern National Bank

The Coca-Cola Company

Delaware Investment Advisors
(Philadelphia, Pennsylvania)

First Atlanta Corporation

First Railroad and Banking Company of Georgia

Fulton Federal Savings and Loan Association

Lowe's Companies, Inc.

Massachusetts Mutual Life Insurance Company
(Springfield, Massachusetts)

Morgan, Keegan and Company, Inc.
(Memphis, Tennessee)

Piggly Wiggly Southern, Inc.

The Robinson-Humphrey Company

Southern Bell Telephone & Telegraph Company

Trust Company of Georgia

Associate sponsors:

Anglo-American Clays Corporation

Financial Services Corporation

Maxey-Bosshardt Lumber Company

Yancey Bros. Co.

BEST AVAILABLE COPY

2/22/83 U1680 - 2 A

Georgia State University Forecast

Georgia and Atlanta 1982-1984 Five-Year Georgia Outlook

Presented at the
Quarterly Forecasting Conference
of the
College of Business Administration
February 10, 1983

Economic Forecasting Project
Donald Ratajczak, Director
James A. Pihera, Assistant Director
College of Business Administration
Kenneth Black Jr., Dean

Georgia State University is a unit of the University System of Georgia.

GEORGIA RECOVERY FINALLY HAS BEGUN

Dr. Donald Ratajczak, Director
Economic Forecasting Project
Georgia State University

Data Revisions

Data revisions nearly eliminated the recession in Georgia in 1982. To be sure, manufacturing employment fell sharply, but from a higher base and not quite as dramatically as contained in the original data sources. Fabricated metals and nonelectrical machinery showed double-digit declines in 1982, slightly greater than the high single-digit percentage losses reported in earlier data. Electrical machinery, on the other hand, continued to show modest expansion, rather than the 3.7% decline exhibited in preliminary data. Expansion was recorded in other durables, which include ordnance and scientific instruments. Thus, increases in the high growth electronics and scientific areas developed in Georgia during 1982.

Declines in nondurable payrolls were nearly as large as originally expected, although the erosion of textile employment was about 1,100 jobs less than originally estimated. On the other hand, printing experienced a significant expansion rather than a modest decline, as originally reported.

Trade employment conformed much more closely with movements in sales tax receipts than originally announced. Indeed, trade employment was revised upward by 23,000 jobs in 1982 alone. The bulk of these jobs were in retail establishments, although wholesale employment also was understated by nearly 7,000 jobs in earlier data.

The other significant revisions were in government payrolls, where federal payrolls were revised downward sharply while state and local payrolls were revised upward by almost comparable amounts. State and local payrolls rose 1.1% in 1982 instead of declining 0.4% as originally reported.

The effects of data revisions were to replace a 1.2% decline in the original estimates with a 0.1% employment gain. As a result, economic activity in Georgia hardly declined in 1982, while it was plunging dramatically in the nation. Something must be wrong with the initial data base used to generate employment estimates, as the underreporting of jobs in Georgia for 1982 was 43,800. As in previous revisions, most of the adjustment occurred in the trade and government sectors.

Despite the magnitude of the adjustments, the revisions do not expose any economic imbalances that were hidden by the previous data. While the federal employment figures were adjusted downward, stronger estimates of employment

growth in electrical machinery, other durables, and printing suggest that increased activity is possible in manufacturing in the next two years.

Recent Activity

After a false start in the spring, Georgia's economy lapsed into a protracted decline through the end of 1982. Weakness was especially intense during the summer months, when revenue estimates revealed that a significant budgetary crisis was developing. Fortunately, improving economic conditions began to develop in December. Not only did the GSU index of leading indicators show a sharp 0.7% increase in December, but the coincident indicators showed the first signs of improving activity since June. Retail sales in Georgia began improving late in December and appear to have sustained significant gains with only minor weather related interruptions through January. For these reasons, this economic recovery appears to be more sustainable than the false starts suffered by Georgia last spring.

Through the summer quarter, the last quarter for which personal income data are available, income growth remained surprisingly weak. Total gains in wages and salaries were only 4% above previous year levels, falling short of the 4.9% gain in consumer prices registered in Atlanta. In addition, the farm sector showed a 34% earnings decline from depressed previous year levels, although more recent indicators of farm cash receipts suggest that some improvement surfaced in the fourth quarter.

Double-digit earnings increases were recorded in several sectors, such as finance, private services, and government (with the exception of military payrolls which declined unexpectedly during the summer). Earnings gains fell short of price increases in all other sectors. Payrolls in durable goods industries showed the greatest weakness, rising only 0.9% at annual rates from the second quarter. Earnings growth also was very slow in the transportation, wholesale trade, and nondurable manufacturing sectors as well. Even construction and retail payrolls, though showing somewhat greater strength than these other sectors, showed recessionary levels of activity through the summer.

The seasonally adjusted employment statistics, contained in Table 5, suggest that personal income continued to show recessionary tendencies in the fourth quarter. Employment in the durable goods industries continued to show the greatest weakness. Declines were especially sharp in the metals and machinery industries. Transportation equipment also showed a significant drop from levels persisting earlier in the year. Declines were less significant in nondurable manufacturing, where increases began to surface in the paper and printing industries. (Check printing activity clearly was stimulated by the development of two new financial instruments at banking institutions.) Modest declines continued to be registered in textiles and apparel through the fall.

Construction appeared to be declining during the fall, although the monthly employment estimates rose in December. Housing activity definitely was rising late in the year, but this was partially offset by slight reductions in public activity and significant slowing in commercial construction. Employment in the transportation sector also stabilized late in the fourth quarter.

Although the Georgia coincident indicators suggest that economic activity in Georgia declined at a 1% annual rate in the fall, this decline is less than the

2.5% drop recorded in preliminary data for the national economy. This is consistent with the payroll employment estimates for Georgia and the nation. In Georgia, payrolls fell at an annual rate of 1.3% in the fall while payrolls were declining 3% nationwide. Georgia's leading indicators in December also rose slightly more sharply than national leading indicators on a comparable basis. Indeed, the leading indicators were above previous year levels in December, the first time that such a positive performance occurred during 1982. Gains in the leading indicators were widespread, with only the workweek for production workers showing a modest decline. The largest contributor to the leading indicators was the inflow of savings capital as a result of the introduction of the new money market deposit accounts. To that extent, the leading indicators may be partially distorted. However, adjusted revenues also increased sharply. About half the dramatic decline in revenues that occurred during the summer has now been reversed by seasonally adjusted gains in the fall. Adjusted taxable sales increased strongly late in the fall while mortgages and construction contracts both showed gains in December. The favorable performance of the leading indicators suggests that the positive performance of the coincident indicators in December will not be a one month abberration.

Inflation in Atlanta and the nation showed the same 0.6 percentage point decline in the two month period ending in December. Because of earlier sharp increases in Atlanta's prices, however, the CPI increased a full percentage point more rapidly in Atlanta than in the nation over the last year. Faster 1982 price changes were recorded in Atlanta for housing; where rents grew 7.5% versus 6.6% nationwide, apparel, with gains of 3% versus 1.6% in the nation, and medical care, where prices rose 18.3% versus 11% nationwide. In the last two months food prices rose in Atlanta even as they were declining nationwide. The major factor in this differential growth rate was the failure of declining meat and fish prices nationwide to be recorded in Atlanta. However, prices of alcoholic beverages fell slightly in Atlanta as they rose slightly nationwide. Most of the large increase in Atlanta rents during the last year occurred in the latest two months, where the increase was 2.3% versus 0.9% in the nation. This suggests that apartment vacancy rates no longer are sufficiently high to generate concessions. Homeownership costs, on the other hand, declined more sharply in Atlanta than in the nation. In the last year, mortgage interest rates fell 2.4 percentage points in Atlanta versus 1.92 percentage points nationwide. However, interest rates were nearly a percentage point higher in Atlanta than in the nation a year ago and remain about 0.3 percentage points above national rates. The purchase price of all housing has also declined in Atlanta, although the state tax assessors probably will not accept that conclusion. Prices of household furnishings and operations increased sharply in Atlanta relative to price changes nationwide. If rental units are not being constructed as rapidly as demand, which appears to be likely through much of 1983, higher rental rates in Atlanta may create a continuation of increased CPIs relative to the nation in the next twelve months. On the other hand, the explosion in prices for medical care has largely subsided. Atlanta's medical prices increased only 0.8% in the latest two months as compared to a 1.6% gain for the nation. In addition, declining meat prices nationwide soon should be reflected in Georgia's grocery prices as well. In 1983 prices on a rental equivalence basis are expected to increase 5.5% for the nation. They should increase about 6% for Atlanta. Price increases in the 6% range also are likely for Georgia in 1984.

Despite a reduction in tax withholding during the summer, taxable sales were not able to grow more rapidly than pre-tax personal income gains in that

quarter. On the other hand, taxable sales did continue to show modest progress from earlier quarters of the year. In the latest five quarters, Georgia taxable sales have increased 5.0%, 4.5%, 2.7%, 8.3% and 10.3% above previous year levels. In effect, Georgia consumers saved the entire tax reduction during the third quarter. This has improved the capacity of the Georgia consumer to engage in increased spending if incomes can continue to expand. Early in the fourth quarter consumer activity remained relatively subdued according to our retail surveys. Late in the quarter, however, gains increased sharply. This occurred even as inflationary pressures vanished in the last two months.

Insured unemployment rates in Georgia and Atlanta rose in December from levels three months earlier, as they normally do. The increase in Georgia was from 3.2% in September to 3.5% in December. Atlanta's insured unemployment rate rose to 4.8% from 4.3% in September. Nationally, the insured unemployment rate reached a 5.1% peak in the same month, although more recent data for January show a decline to 4.5%. The gap between overall unemployment rates in Georgia and the nation continued to widen to 2.5 percentage points in December. Before seasonal adjustment, the unemployment rate nationwide was 10.4%, while the seasonally adjusted rate reached 10.8%. Georgia's unadjusted rate stood at 7.9%, down slightly from November. Atlanta continues to have the lowest unemployment rates in the state, although unemployment has crept up to 6.5% from 6.3% three months ago. Macon also exhibited a slight rise in unemployment to 7.1% from 6.9% in September. Savannah continued to show further upward drift in its unemployment rate, as the paper industry continued to have problems. In December, Savannah's unemployment rate reached 8.1%, up from 7.5% in September and 6.6% a year ago. Paper similarly is creating difficulties in Augusta, where the unemployment rate stood at 9.2% in December, although this is a significant improvment from the 10.4% registered in September. Albany continued to show some improvement in unemployment, with their rates falling to 8.8% in December from 9.2% in September. Unemployment in Columbus moved back into double-digits at 10.1% after falling briefly below double-digit levels to 9.4% in September. Unemployment in Georgia increased only 0.7 percentage points in the latest twelve month period. After a significant seasonal increase in January, the unemployment rate in Georgia is expected to average about the same in 1983 as in 1982. In 1984, the unemployment rate in Georgia should decline about 0.8 percentage points to slightly less than 7%.

Mortgage lending institutions are showing a lessening of their severe financial straits. In the nation, associations had a 0.7% increase in net worth during the latest three month period. In the southeast, net worth continued to decline by 2.1%, while the decline was a steeper 3.1% in Georgia. However, net worth no longer is falling in Georgia in the latest monthly statistics. All institutions continued to reduce their mortgages outstanding through November. Declines in Georgia were only 2.5% in the latest three month period. Declines were 3.5% in the southeast and 4.1% in the nation. The introduction of money market deposit accounts is expected to significantly increase deposit flows to mortgage lending institutions and may actually add to mortgages outstanding in the months ahead. Certainly, mortgage commitments are encouraging locally. In Georgia, commitments increased 26.6% in the latest quarter, even more sharply than the 15.9% gain nationwide. In other parts of the southeast, however, commitments declined 4.7%. Even before the introduction of money market deposits, savings capital began to improve in the savings associations. In Georgia, savings capital rose 0.4%. Gains were 1% nationwide but a meager 0.1% in the southeast. While local savings institutions still show financial stress,

the financial trends clearly suggest that further support of the mortgage markets from these institutions should be forthcoming. Certainly, the much sharper drop in mortgage rates in Atlanta than nationwide over the latest twelve month period shows an increased willingness to issue mortgages locally. Unfortunately, current mortgage rates probably will be the lowest that home buyers can attain in 1983. A decline below 13% for conventional mortgages is possible in 1984, but no further declines in mortgage rates seem likely at this time.

Georgia tax revenues in recent months have pleasantly eased the severe stress that developed in the summer months. The 7.5% revenue estimate that must be reached to balance the current year budget will easily be attained if not exceeded by several tenths of a percentage point. The Governor may be a little exuberant in estimating an increase in revenues of 10.7% for fiscal year 1984, but an increase in the vicinity of 10.5% certainly is likely. A more conservative budgetary approach would be to anticipate slightly smaller revenues and reestablish the countercyclical fund that Governor Busbee used in the last two years. In the fall, total revenues increased 7.8% from previous year levels, and were running at a 8.9% gain in January. Previous quarterly gains were 4.1%, 6.0%, 7.7%, and 10.5% respectively. Weakness is continuing in corporate income, suggesting that growth in individual income tax payments may not be dramatic. However, double-digit increases in sales taxes are possible for the remainder of this budgetary year and through the next budgetary year as well.

Although sales tax receipts in the fourth quarter grew only 7.2%, they advanced at a 10.3% rate in December. This compares with gains of 4.6%, 4.8%, 5.7%, and 8.9% in previous quarters. Disinflation will tend to moderate sales tax receipts, but real disposable incomes should advance sufficiently to generate sales tax gains close to double-digit levels for the next twelve to eighteen months. Nationwide, sales tax receipts also accelerated to a 6.6% gain from increases of 4.6% in the summer and of 7.1%, 4.2%, and 6.6% in previous quarters. Income tax collections remain strong in Georgia, showing a gain of 12.1% in the fall following an 8.9% gain in the summer. In previous quarters the gains were 7.3%, 17.3%, and 16.7% over previous year levels. Nationwide, personal income tax collections slowed to a 6.6% gain from 7.3% in the summer quarter. In previous quarters the nation showed gains of 6.5%, 8.7%, and 11.1%. Corporate tax payments in Georgia only recently reflected weakness and are slightly out of phase with the cycle exhibited nationwide. In the fall, corporate tax accruals declined by 19.4%. This was a sharper decline than the 14.1% in the summer. In previous quarters corporate tax accruals increased 8.2%, 5.8%, and 11.6%. For all state and local governments nationwide, estimated corporate tax accruals slumped only 7.6% in the fall. This was a significant improvement from a 20% decline in the summer. Further quarterly performances were declines of 30.7% in the spring and 34.4% in the previous year. Thus, the profit squeeze is intensifying in Georgia even as it is moderating elsewhere. This suggests that a dramatic increase in revenues is not likely in 1983.

Summary of Outlook

Georgia's gross state product remained unchanged in 1982, substantially better than the 1.8% decline nationwide. Economic activity in Georgia

currently appears to be growing in excess of 4% at annual rates in the first quarter of 1983. For all of 1983 the Georgia economy should expand about 4%, more than a percentage point better than nationwide. By 1984, gross state product in Georgia should expand slightly in excess of 4.5%. Once again, this is slightly more favorable than national projections.

As anticipated in the outlook three months ago, economic activity declined in Georgia at the end of the year. Sharp gains in the leading indicators, a significant expansion in retail trade and some improvement in the coincident indicators all suggest that economic activity is generating increased employment in the new year. Employment is expected to show modest expansion in construction, as declining commercial activity and stagnant public works activity are being offset by significant gains in residential spending. While a 1.7% increase in construction employment for 1983 does not appear to be exceptionally robust, Georgia had stronger construction activity in 1982 than most states. Therefore, a significant expansion does not appear to be necessary.

With the end of the budget crisis, state and local employment probably will begin showing increased gains very early in 1983. For the year, however, increases will be relatively subdued. More significant increases are expected in 1984, although government is not expected to be a strong growth sector in either year.

Fortunately, strong growth is expected in both the finance and services areas. Indeed, growth already is beginning to accelerate in private services, while no significant slowing in financial services occurred during the recession. Expansion of real estate activity could lead to greater gains in this sector than we currently project.

Declining inventories probably will exert downward pressures upon wholesale trade employment through the first part of 1983. Expansion then is expected to resume by mid-year, leading to significant employment gains in 1984. The transportation sector is expected to show little growth in 1983, primarily because the airlines that are housed in the Atlanta area traditionally absorb declining activity without substantial layoffs. When activity expands, as is currently developing, the initial impact is merely to raise the profitability of the airlines. Only late in 1983 is increased traffic expected to generate increased employment opportunities in transportation.

In the metals portion of durable manufacturing, economic activity began to weaken only late in 1982. This is especially true in primary metals. As a result, even a signficant recovery in the first two quarters of 1983 will leave payrolls below 1982 levels. Expansion is expected, however, in 1984. In building materials, except the stone group, expansion already is developing. The magnitude of expansion is not expected to be robust, however. In the machinery industry, on the other hand, declines are still anticipated through the first half of 1983. Recovery then should begin in the latter part of the year and lead to significant payroll gains as new companies are attracted to the favorable Georgia economic climate in 1984.

A sharp decline in nondurable payrolls appears to be ending. Indeed, increased printing needs, partially related to new financial instruments, have led to significant expansion in printing employment late in 1982. This should

carry over into 1983. However, there will not be a significant rebound in textiles. Some of those jobs have permanently been lost. This is not true, however, with the apparel industry, as full recovery is expected, although the pace of consumer expansion is expected to be slow enough to prevent record highs in employment from being reached until late in 1984.

Changes in underlying inflationary pressures are primarily responsible for slower gains in personal income in 1983 and 1984 than had been originally projected. In addition, a significant increase in social insurance contributions in 1984 (to reflect the social security compromise) will be restraining gains in that year. Moderate gains in farm income now appear to be developing and should be apparent in raising farm incomes in 1983 and 1984. Adjusted for inflation, nonfarm personal income should expand by 2.5% in 1983. Because of changing tax liabilities, disposable income after inflation should increase about 3.5% in the year. Tax liabilities will not be as favorable in 1984. Therefore, an 8.4% expansion in personal income in that year should be reflected in just slightly over a 3% gain in real disposable income.

Although Georgia manufacturers experienced a double dip in production during 1982, the expanding activity that currently is being generated by increased housing and retail activity appears to be sufficient to sustain a slow but developing economic recovery in the next two years. Our projections for 1983 have been increased from a gain of 1.2% to a gain of 1.8% and projections for 1984 have been increased to show a gain of 2.6% in employment, slightly greater than the 2.3% previously anticipated.

Atlanta Manufacturing Should Recover in 1983

Data Revisions

Revisions show that more jobs were available in Atlanta in 1982 than originally expected. In addition, the rate of increase was revised to a 1.1% gain as compared with a 0.6% gain in previous data. Thus, Atlanta created 11,200 jobs while the remainder of the nation lost 1.5 million. In comparison to previous data adjustments, the estimates for Atlanta for 1981 and 1982 have not been altered substantially. However, the areas that previously caused estimation problems, retail trade and government payrolls, continue to generate surprises upon data revision. Originally, wholesale trade employment was reported to have increased 0.5% in 1982. The latest data show that the gain was 1.8%. Employment in retail trade was 4,600 jobs higher than preliminary data had suggested. On the other hand, employment in federal government declined 3.5% in 1982 rather than remaining unchanged, as originally reported. State and local employment showed a modest increase of 0.3% rather than a 1.3% decline. Significant revisions also were recorded for the finance group, showing a more realistic 1.9% gain rather than the 0.9% advance that was originally announced; and for transportation, where employment grew 2.3% rather than showing little change.

While employment changes were relatively minor for total manufacturing, employment changes were significant for several industries. For instance electrical machinery employment increased 4.4% in 1982 rather than declining 4.1%. Nonelectrical machinery, on the other hand, showed an 8.4% decline in

1982 rather than the 8.1% gain recorded in preliminary data. Similarly, furniture showed a sharp decrease in 1982 rather than a modest recovery. In non-durable goods, printing increased in both 1981 and 1982. Initially, printing activity was recorded as declining in 1982.

Of course, upward revisions in total employment for Atlanta explain the higher population estimates that were generated in recent reports. They also explain how absorption rates in commercial construction reached 5.3 million square feet in 1982, the greatest absorption rate in any single year.

The data revisions showed no imbalances that already were not evident in the initial reports, with the possible exception that transportation currently is growing even as goods production is declining. As a result, growth in that industry may be subdued in subsequent years.

Recent Activity and Outlook

Atlanta continued to be the major source of job growth in the state. While Atlanta created 11,200 jobs, the remainder of the state lost 7,300 jobs. Except for gains in electrical machinery and printing, Atlanta manufacturing performed as poorly as manufacturing in the remainder of the state and only slightly more favorably than manufacturing nationwide. The textile jobs that existed in metro Atlanta diminished further during this recession and will not recover at its end. Apparel also may be gradually fading as an important employment source in the metropolitan area.

Atlanta preserved its significance as a retail center, generating a 2.5% increase in retail jobs. Although income growth was slow in Atlanta for many of the same reasons that incomes were slowing in Georgia, estimates of real purchasing power show expansion about a percentage point more rapidly in the metropolitan area than statewide. These figures appear to be supported by taxable sales, with metro area sales exceeding gains statewide by 1.4 percentage points during the summer. Indeed, this is a slight increase in the relative generation of sales between the metropolitan area and the state from previous quarters. GSU's department store sales survey suggests that stronger sales gains occurred in the fourth quarter, although most of the strength in consumer activity in the metro area occurred in November and again late in December and through January.

Surprisingly, much of the improvement in taxable sales to a 6.4% gain in the summer from a 5.8% gain in the spring occurred because of improving sales patterns in Fulton County. In that county, sales increased to a 5.7% gain from previous year levels during the summer. DeKalb, which had been exhibiting sharp gains in sales, showed a slowing to only a 6% gain in the third quarter. Other large counties showing reduced gains in retail sales were Cobb (7.8%) and Clayton (4.0%). Gwinnett County exhibited an acceleration of taxable sales to a 9% gain in the summer. Some of the smaller counties on the fringe of the metropolitan area showed increasing sales tax strength, including Forsyth (9.2%), Fayette (14.7%), Rockdale (12.4%) and Douglas (7.8%). However, Cherokee County did not join in this sales growth, showing only a 4.1% increase in taxable sales from previous year levels during the summer.

On the surface, the Coldwell Banker office vacancy index and the related REDI/Data surveys suggest that commercial building is performing very poorly in

the Atlanta area. While office vacancies increased to 10.3% in December nationwide, they remained at a very high 19.4% in downtown Atlanta. Current estimates suggest that vacancy rates are in the 16% range in the Perimeter and Buckhead areas. However, combined absorptions of office space exceeded any previous year, while current orders suggest that completions will be down about 2 million square feet in 1983 from 1982 levels. Only in 1984 will construction begin to rebound toward the 5.3 million square foot absorption rates of 1982. Of course, some weakness will develop in commercial construction; but the high absorption rates suggest that excess capacity is less than three years of supply rather than the four years that some commentators have stated. Three years is excessive, but the low level of completions planned for 1983 suggest that any imbalance should be resolved within the year.

Industrial vacancies rose a comparable 0.2 percentage points in the nation and Atlanta during December. However, the national vacancy rate was 4.8% while the Atlanta rate stood at 2.6%. The Adams-Cates index also showed that warehouse facilities are growing slightly below absorption in Atlanta at the present time. This is especially impressive in the fall quarter, as inventory liquidations normally increase the degree of economic imbalances in warehouses. These figures strongly suggest that only a very modest adjustment is required in the manufacturing and industrial construction inventories.

Atlanta's lending institutions performed differently from those in the remainder of the state in the latest quarter. While Georgia was sharply increasing its mortgage commitments, the Atlanta institutions permitted only a 3% increase in the quarter. Part of this was instigated by an actual decline in savings capital of 0.1%. In addition, mortgages outstanding were being liquidated by 3.9% in the quarter. Fortunately, the net worth figures also performed differently, as the Atlanta institutions showed only a 2% erosion in the quarter and actually registered a significant increase in November.

Previous declines in mortgage rates clearly have excited economic activity in the housing market during the fall. Unfortunately, our estimates now suggest that mortgage rates may not fall significantly below 13%. After a strong spring sales period, this failure to generate any further decline in housing finance costs could lead to some slowing in housing activity. Because of previous strength in permit activity in Atlanta, gains no longer are as significant as the recovery that is developing nationwide. In December, permits increased only 16.1% in Atlanta as compared with 62% in the nation and 70.3% in the south. In the nation, permit growth is slightly greater for multi-family than for single-family units, although single-family units are still maintaining a 2 to 1 majority.

During the fourth quarter, single-family permits in Atlanta expanded by 152.1% from 1645 a year ago to 4147 this fall. However, multi-family units showed a contraction of 17.9% to 912 units from 1111 units a year ago. In December, single-family permits grew 121.4% to 1353 from 611 a year ago. Multi-family units decreased 84.9% to 116 from 770 a year ago. Condominium permits, on the other hand, made a comeback. They increased 130% to 614 units from 267 units a year ago.

The data revisions that led to increased employment estimates for Atlanta require increased estimates of household formations. Although recession has restricted the growth in households, as young adults remain with their parents

for extended periods, households appear to have increased 17,600 in 1982. Current projections of household formations in the metropolitan area are 20,100 in 1983 and 21,600 in 1984. As slightly more than 1000 housing units per year are removed from active use because of abandonment, vandalism, etc, these figures suggest that permits were slightly in excess of need during 1982 but will conform closely with need if these estimates prove to be valid for 1983 and 1984. Because of recent increases in rental rates, more significant gains in multi-family units may be necessary in the latter half of 1983.

The following table reveals current anticipations of single and multi-family permits for leading counties in the metro area (condos are included in the multi-family count):

	1981		1982		1983		1984	
County	single	multi	single	multi	single	multi	single	multi
Cherokee	635	105	885	0	950	50	1000	50
Clayton	509	0	642	28	650	40	680	70
Cobb	2283	1156	3337	824	3750	900	4020	1150
DeKalb	1270	622	2023	1107	2220	1300	2300	1550
Douglas	-	-	307	4	315	10	330	20
Forsyth	303	6	277	30	315	30	340	40
Fulton	1476	2247	2175	2601	2250	2400	2180	2350
Gwinnett	2817	1501	3686	1523	4200	1420	4360	1750
Henry	336	6	334	10	345	25	400	35
Rockdale	267	4	261	138	265	100	290	100
Total	9896	5647	13936	6265	15260	6275	15900	7115
% Change From Previous Year	-25.5	+4.5	+40.8	+10.9	+9.5	+0.2	+4.2	+13.4
% Change in Total (single + multi)	-16.8		+30.0		+6.6		+6.9	

Note: Data for Douglas not available prior to 1982. (Source: Homebuilders Association of Metro Atlanta. Yearly comparison of single-family, multi-family, and condominium unit permits.)

If mild recoveries are associated with mild recessions, then Atlanta's economic projections for the next two years should be especially dismal. However, this should not be true for the metropolitan area. To be sure, the sharp recovery normally expected as a result of inventory rebuilding in the

goods producing industries will not be a dramatic factor in stimulating employment in Atlanta. Also, higher growth in housing activity during 1982 than was experienced nationwide restricts possibilities for dramatic increases in residential construction activity in 1983. However, highway construction and MARTA development remain significant while construction on the fourth runway at Hartsfield may begin before the end of 1983 if current funding problems can be resolved. While commercial construction clearly will have an off-year in 1983, it may be a contributor to economic development in 1984.

Sluggish growth certainly is expected in the printing industry in the next two years, for the strong growth in 1982 appears to be related to check printing associated with new financial instruments. On the other hand, the growth in electrical machinery should reaccelerate to double-digit rates by 1984 while scientific instruments, which are incorporated in other durables, also appears to be growing rapidly. Because of these engines of growth in manufacturing, the rebound in manufacturing employment should only be slightly less subdued in the Atlanta area than statewide.

Of course, growth in the transportation sectors will be slower in 1983 and 1984 than in other parts of the country, for airline layoffs have not been proportional to traffic reductions during the economic downturn. However, an expansion in communications activity in the Atlanta area related to the Southern and South Central Bell developments, may prevent any serious slowing in employment growth in that sector. The trade sector appears to be growing in balance with the growth of sales activity. In addition, sales activity appears to be in line with the growth of disposable income. Thus, no acceleration or deceleration is expected in total growth for trade employment in the next two years, although slowing in wholesale trade employment probably will develop in 1983.

The financial sector still appears to be stronger than employment data suggest. Even with the significant promotional costs that most financial institutions incurred with the establishment of money market deposits, performance by the Atlanta banks far exceeds bank performance in other parts of the south. Any significant expansion in brokerage activity in the Atlanta area also should lead to significant gains in the financial sector. Real estate also is expected to make a modest rebound although the stall in mortgage rates at 13% will prevent any vigorous expansion from developing in that sector. While federal government employment should continue to remain modest or even decline in the next two years, the ending of the state's budgetary crisis should have positive effects upon employment growth at state and local governments.

Overall, Atlanta is expected to generate 22,000 jobs in 1983 and more than 30,000 jobs in 1984. While these numbers are relatively subdued in comparison to normal recoveries, they will compare favorably with the more modest recovery anticipated for the nation.

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Table 1

Georgia Wage & Salary Employment for 1981 and 1982 with Forecasts for 1983 and 1984
(Thousands)

Industry	1981	1982(P)	1983	1984	80-81	81-82	82-83	83-84
1. Mining	7.7	7.4	7.4	7.4	-1.3	-3.9	0.0	0.0
2. Construction	104.2	103.3	105.1	107.8	-1.0	-0.9	1.7	2.6
3. Manufacturing	524.6	500.9	501.3	515.4	1.0	-3.7	0.1	2.8
Durables	186.1	176.5	176.3	184.0	2.8	-5.2	-0.1	4.4
Lumber	28.7	27.5	28.1	28.6	-0.7	-4.2	2.2	1.8
Furniture	9.3	9.4	9.3	9.5	-1.1	1.1	-1.1	2.2
Stone, Clay, Glass	17.3	16.0	16.3	16.5	-2.3	-7.5	1.9	1.2
Primary Metals	17.6	16.1	16.0	16.7	6.7	-8.5	-1.2	4.4
Fabricated Metals	20.0	17.5	17.3	18.2	4.3	-12.5	-1.1	5.2
Nonelectrical Machinery	23.0	20.7	19.6	20.5	3.1	-10.0	-5.3	4.6
Electrical Machinery	22.9	23.1	22.3	23.9	12.8	0.9	-3.5	7.2
Transportation Equipment	36.0	34.9	35.5	37.6	6.2	-3.1	1.7	5.9
Other Durables	11.2	11.5	11.9	12.5	0.9	2.7	3.5	5.0
Nondurables	338.5	324.2	325.0	331.4	0.1	-4.2	0.2	2.0
Food	59.5	58.5	58.9	59.5	0.3	-1.7	0.7	1.0
Textiles	113.6	104.2	103.3	105.8	-3.4	-8.3	-0.9	2.4
Apparel	72.0	69.5	69.4	70.3	-0.4	-3.5	-0.1	1.3
Paper	28.5	27.5	27.4	28.2	0.4	-3.5	-0.4	2.9
Printing	24.4	25.4	27.0	27.5	4.3	4.1	6.3	1.9
Chemicals	17.5	17.1	16.9	17.5	3.6	-2.3	-1.2	3.6
Leather	2.5	2.2	2.1	2.0	8.7	-12.0	-4.5	-4.8
Other Nondurables	20.6	19.8	20.0	20.6	13.8	-3.9	1.0	3.0
4. Transportation, Comm. & Utilities	144.9	145.9	146.9	149.3	3.2	0.7	0.7	1.6
5. Trade	512.0	520.3	534.1	548.8	2.5	1.6	2.7	2.8
Wholesale	162.1	164.0	167.9	170.3	3.0	1.2	2.4	1.4
Retail	350.0	356.3	366.2	378.5	2.3	1.8	2.8	3.4
6. Finance, Ins. & Real Estate	114.7	116.4	119.3	123.2	2.3	1.5	2.5	3.3
7. Services	359.5	372.3	383.7	395.6	4.0	3.6	3.1	3.1
8. Government	431.1	434.9	443.5	451.2	0.4	0.9	2.0	1.7
Federal	84.8	84.8	86.2	86.7	-0.9	0.0	1.7	0.6
State & Local	346.3	350.1	357.3	364.5	0.8	1.1	2.1	2.0
Total Wage & Salary Employment	2198.6	2201.5	2241.3	2298.7	1.8	0.1	1.8	2.6

(P) Preliminary

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Table 2 Georgia Personal Income for 1981 with an Estimate for 1982 and Forecasts for 1983 and 1984
(Millions of Dollars)

	1981	1982	1983	1984	80-81	81-82	82-83	83-84
Labor & Proprietors' Income:								
1. Wage & Salary Income	32696	34151	36790	39890	11.0	4.5	7.7	8.4
2. Other Labor Income	2982	3251	3576	3941	11.9	9.0	10.0	10.2
3. Proprietors' Income	2845	2690	3115	3528	24.6	-5.4	15.8	13.3
Farm	535	381	476	585	822.4	-28.8	24.9	22.9
Nonfarm	2311	2309	2639	2943	3.8	-0.1	14.3	11.5
Labor & Proprietors' Income:								
1. Farm	772	623	736	865	162.5	-19.3	18.1	17.5
2. Mining	158	163	175	189	9.4	3.2	7.5	7.9
3. Contract Construction	1997	2051	2242	2446	5.5	2.7	9.3	9.1
4. Manufacturing	9036	8930	9589	10580	10.7	-1.2	7.4	10.3
Durables	3750	3590	3838	4294	12.1	-4.3	6.9	11.9
Nondurables	5285	5340	5751	6286	9.7	1.0	7.7	9.3
5. Transportation & Utilities	3846	3984	4279	4643	12.2	3.6	7.4	8.5
6. Trade	7378	7661	8338	9055	9.9	3.8	8.8	8.6
Wholesale	3571	3709	4058	4403	10.7	3.9	9.4	8.5
Retail	3807	3952	4280	4652	9.3	3.8	8.3	8.7
7. Finance, Ins. & Real Estate	2120	2303	2552	2776	9.3	8.6	9.5	10.1
8. Services	5864	6344	6953	7634	13.0	8.2	9.6	9.8
9. Other Industries	144	154	166	181	14.1	6.9	8.2	8.7
10. Government	7198	7879	8481	8990	10.4	9.5	7.6	6.0
Federal Civilian	1813	1989	2114	2171	9.3	9.7	6.3	2.7
Federal Military	986	1106	1176	1213	4.7	12.2	6.3	4.2
State & Local	4412	4784	5191	5606	12.5	8.4	8.5	8.0
Plus:								
Property Income	6967	7858	8343	9277	20.6	12.8	6.2	11.2
State U.I. Benefits	189	285	246	209	-6.0	50.8	-13.7	-15.0
Other Transfers	6555	7129	7663	8062	14.0	8.8	7.5	5.2
Residence Adjustment	-109	-118	-129	-135	-	-	-	-
Less: Social Ins. Contributions	2329	2458	2696	3078	19.4	5.5	9.7	14.2
Equals: Total Personal Income	49797	52788	56908	61694	12.9	6.0	7.8	8.4
Nonfarm Personal Income	49025	52165	56172	60829	11.9	6.4	7.7	8.3
% of U.S. Nonfarm	2.07	2.06	2.09	2.09	-	-	-	-

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Table 3 Atlanta SMSA Wage and Salary Employment for 1981 and 1982 with Forecasts for 1983 and 1984
(Thousands)

Industry	1981	1982(P)	1983	1984	80-81	81-82	82-83	83-84
1. Contract Construction	45.3	45.0	47.4	48.2	-2.6	-0.7	5.3	1.7
2. Manufacturing	147.8	142.2	142.0	149.7	2.7	-3.8	-0.1	5.4
Durables	74.9	72.1	71.1	76.4	4.6	-3.7	-1.4	7.5
Lumber	2.9	2.6	2.8	3.0	-6.5	-10.3	7.7	7.1
Furniture	3.8	3.5	3.6	3.8	5.6	-7.9	2.9	5.6
Stone, Clay, Glass	7.3	6.6	6.8	7.1	0.0	-9.6	3.0	4.4
Primary Metals	5.2	5.2	5.0	5.4	4.0	0.0	-3.8	8.0
Fabricated Metals	7.8	7.1	6.8	7.3	-1.3	-9.0	-4.2	7.4
Nonelectrical Machinery	8.3	7.6	7.5	7.9	9.2	-8.4	-1.3	5.3
Electrical Machinery	11.4	11.9	11.3	12.0	10.7	4.4	-5.0	6.2
Transportation Equipment	24.3	22.9	22.4	24.6	4.3	-5.8	-2.2	9.8
Other Durables	4.0	4.7	4.9	5.3	11.1	17.5	4.3	8.2
Nondurables	72.9	70.1	70.9	73.3	0.8	-3.8	1.1	3.4
Food	19.2	18.6	19.0	19.5	0.5	-3.1	2.2	2.6
Textiles	6.2	4.8	4.5	4.7	-13.9	-22.6	-6.3	4.4
Apparel	9.3	8.5	8.3	8.7	-4.1	-8.6	-2.4	4.8
Paper	8.2	7.6	7.8	8.3	3.8	-7.3	2.6	6.4
Printing	16.0	16.6	17.3	17.7	3.9	3.8	4.2	2.3
Chemicals	7.7	7.6	7.5	7.7	5.5	-1.3	-1.3	2.7
Other Nondurables	6.3	6.4	6.5	6.7	10.5	1.6	1.6	3.1
3. Transportation, Comm. & Utilities	89.8	91.9	92.3	94.5	4.7	2.3	0.4	2.4
4. Trade	273.6	280.5	288.5	297.5	3.0	2.5	2.9	3.1
Wholesale	104.9	106.8	109.1	111.2	3.6	1.8	2.2	1.9
Retail	168.7	173.7	179.4	186.3	2.6	3.0	3.3	3.8
5. Finance, Ins. and Real Estate	68.7	70.0	71.0	72.3	1.9	1.9	1.4	1.8
6. Services	208.2	215.7	222.4	230.9	4.5	3.6	3.1	3.8
7. Government	162.8	162.0	165.3	169.9	1.6	-0.5	2.0	2.8
Federal	34.3	33.1	32.7	33.0	0.9	-3.5	-1.2	0.9
State & Local	128.5	128.9	132.6	136.9	1.7	0.3	2.9	3.2
Total Wage & Salary Employment	996.2	1007.4	1028.9	1063.0	2.8	1.1	2.1	3.3

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Table 4 Atlanta SMSA Personal Income with Estimates for 1981 and 1982 and Forecasts for 1983 and 1984
(Millions of Dollars)

	1981	1982	1983	1984	80-81	81-82	82-83	83-84
Labor & Proprietors' Income:								
1. Wage & Salary Income	16626	17616	19010	20792	12.3	6.0	7.9	9.4
2. Other Labor Income	1644	1795	1977	2184	12.9	9.2	10.1	10.5
3. Proprietors' Income	1163	1169	1343	1496	4.8	0.5	14.9	11.4
Farm	23	18	19	22	-	-	-	-
Nonfarm	1140	1151	1324	1474	4.5	1.0	15.0	11.3
Labor & Proprietors' Income:								
1. Farm	35	32	34	39	20.7	-8.6	6.3	14.7
2. Mining	19	20	22	24	5.5	5.3	10.0	9.1
3. Contract Construction	994	1037	1171	1267	6.0	4.3	12.9	8.2
4. Manufacturing	3173	3151	3367	3810	12.4	-0.7	6.9	13.2
Durables	1860	1809	1910	2197	14.3	-2.8	5.6	15.0
Nondurables	1313	1342	1457	1613	10.0	2.2	8.6	10.7
5. Transportation & Utilities	2621	2752	2947	3221	13.7	5.0	7.1	9.3
6. Trade	4747	5052	5508	6006	11.1	6.4	9.0	9.0
Wholesale	2759	2927	3196	3484	12.1	6.1	9.2	9.0
Retail	1988	2125	2312	2522	9.7	6.9	8.8	9.1
7. Finance, Ins. & Real Estate	1467	1581	1714	1861	8.2	7.8	8.4	8.6
8. Services	3607	3975	4357	4814	14.0	10.2	9.6	10.5
9. Other Industries	33	35	38	41	13.0	6.5	8.0	8.1
10. Government	2737	2945	3161	3389	12.1	7.6	7.3	7.2
Federal Civilian	836	894	924	953	12.4	6.9	3.4	3.1
Federal Military	88	95	99	101	3.5	7.6	4.1	1.6
State & Local	1813	1956	2138	2335	12.3	7.9	9.3	9.2
Plus:								
Property Income	3013	3414	3632	4050	21.3	13.3	6.4	11.5
Transfer Payments	2234	2448	2600	2720	9.6	9.6	6.2	4.6
Residence Adjustment	-576	-593	-606	-584	-	-	-	-
Less: Social Ins. Contributions	1121	1200	1318	1519	20.5	7.0	9.8	15.3
Equals: Total Personal Income	22983	24649	26638	29139	13.0	7.2	8.1	9.4
Nonfarm Personal Income	22948	24617	26504	29100	13.0	7.3	8.1	9.4
% of Georgia Nonfarm	46.81	47.19	47.68	48.14	-	-	-	-
Population (#,Thousands)	2079	2110	2147	2194	2.19	1.49	1.76	2.16

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Table 5 Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	81-4	82-1	82-2	82-3	82-4(P)	Dec.(P)	81-4	82-1	82-2	82-3	82-4(P)	Dec.(P)
Total	2193.0	2187.8	2203.9	2211.3	2203.8	2203.3	995.4	994.7	1009.8	1015.7	1009.7	1009.9
Mining	7.8	7.5	7.4	7.4	7.4	7.3	-	-	-	-	-	-
Contract Construction	103.5	102.1	105.2	103.2	102.6	103.3	43.8	43.4	45.4	45.2	46.1	46.7
Manufacturing	519.9	505.2	503.6	500.5	495.3	493.5	148.9	143.9	143.0	143.0	139.3	139.1
Durables	185.1	178.6	178.4	177.5	172.8	171.3	75.8	73.0	72.7	73.3	69.7	69.5
Lumber	27.2	26.9	27.5	27.8	28.0	27.7	2.8	2.6	2.5	2.5	2.7	2.6
Furniture	9.5	9.2	9.3	9.7	9.2	8.8	3.8	3.6	3.5	3.5	3.6	3.5
Stone, Clay, Glass	16.7	16.3	16.1	16.1	16.2	15.5	7.0	6.6	6.4	6.7	6.6	6.5
Primary Metals	17.7	16.5	16.3	16.1	15.6	15.2	5.4	5.4	5.3	5.3	5.0	4.8
Fabicated Metals	19.3	18.5	17.4	17.1	16.9	16.9	7.7	7.5	7.2	6.9	6.7	6.7
Nonelectrical Machinery	22.9	21.5	21.3	20.3	19.7	19.2	8.1	7.5	7.9	7.7	7.5	7.4
Electrical Machinery	23.9	23.8	23.6	23.1	21.9	21.6	11.9	12.2	12.0	11.8	11.4	11.3
Transportation Equipment	36.2	34.5	35.4	36.0	33.7	34.9	24.7	23.0	23.1	24.2	21.5	21.9
Other Durables	11.7	11.4	11.5	11.3	11.6	11.5	4.4	4.6	4.8	4.7	4.7	4.8
Nondurables	334.8	326.6	325.2	323.0	322.5	322.2	73.1	70.9	70.3	69.7	69.6	69.6
Food	59.9	58.6	58.7	58.3	58.4	58.6	19.1	18.7	18.8	18.4	18.7	18.6
Textiles	108.5	105.4	104.5	103.8	103.2	102.7	5.8	5.3	4.7	4.7	4.5	4.4
Apparel	72.7	70.2	69.6	69.3	69.2	68.9	9.4	8.7	8.7	8.4	8.3	8.2
Paper	28.2	27.8	27.7	27.2	27.3	27.1	8.1	7.9	7.6	7.5	7.6	7.6
Printing	24.9	24.8	25.1	25.5	26.1	26.6	16.3	16.3	16.5	16.8	16.6	17.0
Chemicals	17.6	17.7	17.2	16.9	16.8	16.6	7.8	7.7	7.6	7.5	7.5	7.4
Leather	2.6	2.3	2.2	2.3	2.1	2.1	-	-	-	-	-	-
Other Nondurables	20.4	19.8	20.2	19.7	19.4	19.6	6.6	6.3	6.4	6.4	6.4	6.4
Transportation, Comm. & Util.	145.8	145.8	146.8	146.1	145.2	146.0	90.3	91.5	92.2	92.6	91.4	91.5
Trade	512.6	512.5	522.9	523.6	521.7	520.9	274.3	273.7	282.2	283.3	282.6	281.2
Wholesale	163.2	161.7	163.9	164.9	165.5	166.0	106.1	105.0	106.2	107.9	108.1	108.0
Retail	349.4	350.8	359.0	358.7	356.2	354.9	168.2	168.7	176.0	175.4	174.5	173.2
Finance, Ins. & Real Estate	114.8	115.6	116.6	116.2	117.2	117.7	69.0	69.8	70.2	70.1	70.1	70.3
Services	360.1	367.7	370.2	373.6	377.5	378.6	207.9	211.8	215.3	218.2	217.5	218.7
Government	428.5	431.4	431.2	440.7	436.9	436.0	161.2	160.6	161.5	163.3	162.7	162.4
Federal	84.8	85.1	83.7	84.8	85.5	85.7	33.3	33.1	33.7	33.0	32.6	32.5
State & Local	343.7	346.3	347.5	355.9	351.4	350.3	127.9	127.5	127.8	130.3	130.1	129.9

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Table 6

Georgia Employment in 1987

	1981	1987	% Change	Annual Rate	Previous Annual Rate
Mining	7.7	7.4	-3.9	-0.7	0.8
Construction	104.2	115.4	10.7	1.7	1.8
Manufacturing	524.6	542.9	3.5	0.6	1.4
Durables:	186.1	202.6	8.9	1.4	2.3
Lumber	28.7	29.7	3.5	0.6	1.0
Furniture	9.3	9.7	3.9	0.6	1.2
Stone, Clay, Glass	17.3	16.9	-2.1	-0.3	0.3
Primary Metals	17.6	17.3	-1.7	-0.4	2.5
Fabricated Metals	20.0	18.5	-7.7	-1.3	0.5
Nonelectrical Machinery	23.0	21.6	-6.2	-1.0	1.6
Electrical Machinery	22.9	30.8	34.7	5.1	5.4
Transportation Equipment	36.0	43.9	21.9	3.4	4.6
Other Durables	11.2	14.2	27.0	4.1	0.1
Nondurables:	338.5	340.3	0.5	0.1	0.9
Food	59.5	59.8	0.4	0.1	1.0
Textiles	113.6	103.4	-9.0	-1.6	-0.2
Apparel	72.0	71.0	-1.4	-0.2	0.4
Paper	28.5	29.7	4.2	0.7	1.3
Printing	24.4	31.6	29.7	4.4	2.2
Chemicals	17.5	19.1	9.2	1.5	3.9
Leather	2.5	1.9	-23.3	-4.4	0.0
Other Nondurables	20.6	23.8	15.4	2.4	4.7
Transportation, Comm. & Utilities	144.9	164.4	13.4	2.1	1.4
Trade:	512.0	624.3	21.9	3.4	1.6
Wholesale	162.3	187.7	15.6	2.4	1.3
Retail	350.0	436.6	24.7	3.8	1.8
Finance, Ins. & Real Estate	114.7	132.3	15.3	2.4	1.9
Services	359.5	442.1	23.0	3.5	3.6
Government:	431.1	488.7	13.4	2.1	1.4
Federal	84.8	88.5	4.3	0.7	0.5
State & Local	346.3	400.2	15.6	2.4	1.7
Total Wage & Salary	2198.6	2517.5	14.5	2.3	1.9
Population	5574	5975	7.2	1.17	0.83

Georgia State University
College of Business Administration
Economic Forecasting Project
February 1983

Table 7

	Georgia in 1987 Personal Income**				
	1981	1987	% Change	Annual Rate	Previous Estimated Growth Path
Labor & Proprietors' Income :					
1. Wage & Salary Income	32696	54642	67.1	8.9	10.3
2. Other Labor Income	2982	5104	71.2	9.4	10.9
3. Proprietors' Income:	2845	4406	54.9	7.6	8.6
Farm	535	801	49.7	7.0	12.6
Nonfarm	2311	3605	56.0	7.7	7.7
Labor & Proprietors' Income:					
1. Farm	772	1151	49.1	6.9	11.2
2. Mining	158	235	48.6	6.6	13.1
3. Contract Construction	1997	3152	57.8	7.9	10.9
4. Manufacturing:	9036	14088	55.9	7.7	10.8
Durables	3750	6033	60.9	8.2	12.6
Nondurables	5285	8055	52.4	7.3	9.5
5. Transportation, Comm. & Utilities	3846	6456	67.9	9.0	9.7
6. Trade:	7378	12410	68.2	9.1	9.0
Wholesale	3571	6064	69.8	9.2	9.1
Retail	3807	6346	66.7	8.9	9.0
7. Finance, Insurance & Real Estate	2120	3789	78.7	10.2	10.7
8. Services	5864	10454	78.3	10.1	11.5
9. Other Industries	144	228	58.0	7.9	5.7
10. Government:	7198	12189	69.3	9.2	9.2
Federal Civilian	1813	2879	58.8	8.0	8.1
Federal Military	986	1616	63.9	8.6	11.5
State & Local	4412	7694	74.4	9.7	9.0
Plus:					
Property Income	6967	12014	72.4	9.5	12.3
State (U.I.) Benefits*	189	230	21.7	3.3	4.5
Other Transfer Payments	6555	9738	48.6	6.8	9.7
Residence Adjustment	-109	-165	-	-	-
Less: Social Ins. Contributions	2329	4376	87.9	11.1	14.2
Equals: Total Personal Income	49797	81593	63.9	8.6	10.2
Real Personal Income	24068	27800	15.5	2.4	2.5
Adjusted PCE Deflator**	206.9	293.5	41.9	6.0	7.5

** Assuming CPI rises 6.0% per year, adjusted to reflect differences from national purchasing power, and to eliminate CPI bias.
*Assuming 4.5% unemployment rate in 1987

The Georgia State University Economic Forecasting Project collects data, engages in analysis of macro-economic systems, and develops procedures that aid in the creation of econometric descriptions of the national, regional, and local economies. Our research is sponsored by the Georgia State University College of Business Administration and receives financial support from the following organizations:

The Citizens and Southern National Bank

The Coca-Cola Company

Delaware Investment Advisors (Philadelphia, Pennsylvania)

Financial Services Corporation

First Atlanta Corporation

First Railroad and Banking Company of Georgia

Fulton Federal Savings and Loan Association

Lowe's Companies, Inc.

Massachusetts Mutual Life Insurance Company (Springfield, Massachusetts)

Morgan, Keegan and Company, Inc. (Memphis, Tennessee)

Piggly Wiggly Southern, Inc.

The Robinson-Humphrey Company

Southern Bell Telephone & Telegraph Company

Trust Company of Georgia

Associate sponsors:

Anglo-American Clays Corporation

Maxey-Bosshardt Lumber Company

Owens-Corning Fiberglas Corporation (Toledo, Ohio)

Yancey Bros. Co.

5/18/83 01880-2

Georgia State University Forecast

Georgia and Atlanta 1983-1984

Presented at the
Quarterly Forecasting Conference
of the
College of Business Administration
May 12, 1983

Economic Forecasting Project
Donald Ratajczak, Director
James A. Pihera, Assistant Director

College of Business Administration
Kenneth Black Jr., Dean

Georgia State University is a unit of the University System of Georgia.

BEST AVAILABLE COPY

HOUSING AND CONSUMPTION PROPELLING GEORGIA RECOVERY

Dr. Donald Ratajczak, Director
Economic Forecasting Project
Georgia State University

Recent Activity

According to the coincident indicators developed by the Economic Forecasting Project at Georgia State University, real economic activity in Georgia appears to have increased 5.2% in the first quarter. This compares favorably with the 3.1% gain reported in preliminary data for the nation. In both instances, however, activity slowed from earlier assessments. Both in the U.S. and in Georgia the problem has been in agriculture, where significant slowing of cash receipts during the first quarter contributed to a decline in that sector. It should be noted that while the Payment-In-Kind program will substantially increase farm incomes by preserving revenues and reducing costs, it will reduce production. Preliminary evidence suggests that production may be reduced more sharply in Georgia than in the nation as a whole. The reason for this apparent paradox is the sharp increase in double-cropping between wheat and soybeans that had developed in recent years. Although soybeans are not a part of the Payment-In-Kind program, farmers are not eligible for any support unless land is withdrawn from production for the entire year. Thus, wheat eligibility in Georgia can only be achieved if soybean production falls. Moreover, the return in kind of only one crop when two crops are dropped from production clearly reduces the net benefits that the Payment-In-Kind program provides to Georgia farmers relative to the farming industry as a whole.

Despite problems in Georgia farming, the significant increases in Georgia's economic activity should not be discounted. Not only is the state creating its own increased housing, but increased housing in the south has begun to generate improvement in the lumber, building material and manufactured home industries. Nonresidential construction statewide remains depressed. Outside Atlanta, construction employment is 6600 jobs below previous year levels. Some large utility projects are beyond peak labor usage while highway activity continues to recede from the boom period of three years ago when the interstates were being completed. Port activities also have been slow, although customs receipts in the Savannah district improved sharply during the winter.

Special characteristics of the Georgia economy are leading to unusual shifts in employment activity. Primary metals continues to decline dramatically, partially as a result of significant difficulties in one major nonferrous producer and of the heavy use of scrap metals in Georgia's production processes. (Scrap prices tend to rise, reducing the competitive advantage of Georgia's producers early in a recovery.) The surge in housing already has turned around the carpet industry, where jobs are 1000 above previous year levels and are primarily responsible for projections that textiles will show employment gains in 1983. On the other hand, significant erosion in food processing, especially meat packing and bakery activity, are stalling any rebound in that area. A sharp increase in employment in transportation

equipment reflects a strong rebound in manufactured home activity. Lockheed and the auto assembly plants in
Atlanta have not yet shown any significant gains. Because current economic conditions are especially beneficial to manufactured homes, that activity, which is heavily concentrated in south Georgia, should experience a modest boom in the next two years.

Of course, one of the dangers in Georgia manufacturing is its increasing dependence upon housing activity nationwide. In 1983 and 1984, this dependence will be beneficial to the state. Strong gains should be experienced in lumber, building materials, carpets, and manufacturered homes. However, that dependency should be cause for concern in the latter part of this decade, when reduced household formations nationwide begin to restrict growth potential in those industries.

After a burst in December, January, and February, Georgia's leading indicators grew at a more modest rate in March. Surprisingly, initial unemployment claims began to rise, although a similar uptick in claims was experienced nationwide. On the other hand, the surge in savings capital at mortgage lending institutions suggests that purchasing power has increased if unutilized by Georgia consumers. Adjusted tax revenues continue to expand, although the rate of increase slowed from earlier months. Nevertheless, the budgetary crisis that bloomed late last year is receding. After a modest spending spree in the fall and early winter months, Georgia's consumers slowed their activity in late winter, probably because of the unusual weather that developed. Sales tax receipts for April suggest that consumer activity rebounded in March. Nonresidential construction contracts continued the surprising surge that began in January. While current construction activity clearly is subdued, as reflected by reduced jobs in nonresidential activities, these contracts suggest that production may be reaccelerating toward the end of 1983. On balance, the March leading indicators were not as strong as those reported nationwide, although they followed a string of three reports suggesting stronger gains ahead for Georgia than in the nation. These leading indicators, by themselves, suggest continued, though not spectacular, economic recovery in the spring and early summer months.

The farm economy is the major problem area in Georgia's coincident indicators. Farm activity fell sharply in February and March, leading to a significant negative contribution from that sector during the first quarter. Adjusted corporate tax accruals also declined, although the degree of weakness is beginning to lessen. After seasonal adjustment, the insured unemployment rate remained unchanged in March. The important index of hours worked, which surged in January and February, showed only a modest gain in March. Indeed, the recovery nearly stalled in March, although early data for April suggest that recovery has resumed.

In the last year the Georgia economy appears to have increased 2.1% after adjustment for inflation. This compares favorably with a 1.2% estimated gain over the latest twelve months for the nation as a whole.

According to our seasonally adjusted employment estimates in Table 5, non-agricultural employment in Georgia increased at an annual rate of 2.7% in the first quarter. Construction was the only significant sector not contributing to these gains, as sharp declines in nonresidential activity were not offset by

modest gains in residential construction. Increases were strong in durable manufacturing, especially building materials and transportation equipment. Weakness continued to be registered in the metals and machinery industries. Modest growth also appeared in nondurables, as carpeting offset the declines in weaving mill and yarn mill activity and apparel began to firm. Sharp gains were recorded in printing, as new bank instruments required new check production, a major product of the Georgia printing industry. On the other hand, weakness in food processing had not reversed as the quarter ended, while the leather industry slowly continued to vanish from significance.

Increased employment in utilities more than offset continuing weakness in the transportation sector during the first quarter. Some announced airline layoffs may cause further weakness in transporation during the second quarter. However, truck traffic is improving and activity should begin to turn around by midyear. The trade sector showed surprising strength in the first quarter, although all the retail activity clearly is in the Atlanta metropolitan area. The increase in wholesale activity runs counter to national data, which showed continued erosion of wholesale activity during the first quarter. While these gains may be justified, they appear to be running ahead of developing national conditions and may require some slowing in the wholesale area before further increases can be recorded late in 1983 and in 1984. Sharp gains in finance and a slight uptick in real estate continued to propel the economy forward. Once again, Atlanta reaped the lion's share of these increases, as its banks continued to dominate the performance of all financial institutions in the south. Nevertheless, the other metropolitan areas in Georgia also showed some improvement.

In the last year service employment has increased more than 18,000 jobs even as manufacturing employment has declined by more than 10,000 jobs. Moreover, increases appear to be widespread throughout the state. During the 1980 recession, trade became a larger employer in Georgia than manufacturing. Before this decade is over, private services also will outstrip manufacturing as a major Georgia employer.

Government services, on the other hand, have been slowing their long-term rates of growth. Part of this slowing is a reflection of the state budgetary problems that surfaced late last year. As the economic recovery generates increased state revenues, some acceleration in state and local employment is likely. Some gains also are likely for federal employment as increased military activity requires increased civilian inspectors and other civilian personnel to handle the supply depots in the state. However, except for the C5-B program at Lockheed, the current military buildup is not a significant benefit to Georgia, as the gains are in equipment rather than personnel. In fact, the military wage freeze may have a greater adverse effect upon Georgia's economy than any positive influence from military contracts. Fortunately, the government, both civilian and military, is no longer as important to the state's economy as a decade ago.

Inflation in Atlanta slowed relative to the nation in the two month period ending in February. Nationally the CPI increased 0.2%. It declined 0.3% in Atlanta. Of course, the optional sales tax will increase prices in Atlanta relative to the nation in April. Prices in Georgia increased 5.5% in the last twelve months, a considerably greater gain than the 3.6% recorded nationwide. Price slowing in Atlanta was widespread in the winter although eating out and

the consumption of alcoholic beverages showed sharper increases than in the nation. Both rental rates and homeownership costs in the Atlanta area fell relative to the nation, suggesting that housing needs are not outstripping housing supply in Georgia. Builders should note that home prices and rental values are not firming dramatically in Atlanta at the present time.

On a seasonally adjusted basis, personal income in Georgia showed a strong 2.3% gain in the fourth quarter. This compared with only a 1.2% gain nationwide. Personal income in Georgia was up 7.9% from previous year levels in the fourth quarter as compared with a gain of only 5.3% for the nation. Of course, prices also were up about 2 percentage points more rapidly, as mentioned above. Because of a decline in tax rates, taxable sales expanded in the fourth quarter by a larger amount than personal income. In that quarter, taxable sales gained 9.3% from previous year levels. For the year as a whole, taxable sales gained only 5.5%. Georgia's consumers obviously increased their savings. Retail surveys in the Atlanta area suggest that consumers have since begun to exercise this increased purchasing power. Since the beginning of this year, department store sales in the Atlanta area have increased 17% from previous year levels. After adjustment for less than a 5% inflation rate, this still suggests that unit sales have increased more than 12% in the year. While the Atlanta area clearly has outperformed the state, showing unit gains a percentage point more rapid than the state and two percentage points more rapid than other parts of Georgia, sales in Georgia also appear to have increased in recent months. Although economists still are asking where the consumer is nationwide, Georgia evidence suggests that the consumer no longer is holding back.

In March the unemployment rate in Georgia fell to 8.1% from 8.6% in the previous month. This is in line with seasonal changes and is comparable to declines registered in unemployment nationwide. However, the national unemployment rate in the last year has increased by 1.3 percentage points, while its increase was only 0.3 percentage points in Georgia. Unemployment remains lowest in Atlanta at 6.8% although the rate continues to creep up from 6.5% three months ago. Athens is showing a 7.1% unemployment rate, but this is considerably higher than the 5.8% recorded a year ago. Unemployment in Macon rose to 7.9% from 7.1% in December and is now a full percentage point above previous year levels. Employment fell 500 jobs in the Macon area. Primarily because of problems in the paper industry and the previous slowing in port activity, unemployment in Savannah rose to an unusually high 9.0% for that city, up from 8.1% in December and 7.3% a year ago. Paper also is important in Augusta, where the unemployment rate crept up to 9.6% from 9.2% in December. However, the Augusta area has created 1300 jobs in the last year. Because of its proximity to South Carolina, which is experiencing considerably higher unemployment rates, population movements into the metropolitan area have been stronger than the ability of the area to provide occupations. Columbus has a similar proximity problem with Alabama. However, unemployment rates have begun to decline noticeably in the Columbus area, falling below double-digits to 9.6% in March from 10.1% in December. Moreover, this is a significant improvement from 11.5% a year ago. Albany continues to show the highest unemployment rates of all metropolitan areas in Georgia with a 10.0% unemployment rate, up from 8.8% in December. Reduced agricultural activity certainly is having an impact upon that area. For all of 1983, unemployment in Georgia should match the 7.8% rate in 1982. In 1984 the unemployment rate in Georgia should decline to the vicinity of 7% with a significant portion of the job opportunities developing in the nonmetropolitan urban areas.

Mortgage lending institutions in Georgia began to witness a turnaround in earnings potential. While net worth in the state declined 1.1% in Georgia during the first quarter, January appears to have been the last month of significant declines. In the southeast, improvement was more rapid, with net worth increasing 2.7%. For the nation as a whole, the crisis in the savings and loan industry appears to be ending. Net worth in U.S. institutions increased 6.4% in the fourth quarter. Further increases clearly seem likely as the year progresses.

In Georgia, savings capital increased 1.6% in the latest three months. Gains were much more substantial in the southeast, up 5.6%, and in the nation, up 7.8%. This sharp discrepancy in savings capital probably reflects the more dramatic commitment of funds to consumer spending in Georgia than in the nation and does not reflect serious problems in savings institutions here. Certainly, slow growth in savings capital has not dampened the enthusiasm of local institutions. Mortgage commitments outstanding rose 51.9% in Georgia as compared with a 28.5% increase for the southeast. For the nation as a whole, mortgage commitments were up only a modest 12.3%. Because of increased activity in the Atlanta area, the effective mortgage rate has not fallen as sharply in the region as in the nation. Nationwide, the effective mortgage rate had fallen 2.47 percentage points to 13.2% in March. The decline in Atlanta was a slightly smaller 2.39 percentage points to an effective rate of 13.56% Further declines in the cost of raising funds, partially as a result of the attractiveness of money market deposits, should lead to lower mortage rates than anticipated in our previous outlook. Mortgage rates now appear to be trending toward 12% by mid 1983 and could possibly fall to 11.5% sometime in 1984. Certainly, the movement by the government to lower its FHA and VA rates to 11.5% will accelerate that downward trend.

Georgia's tax revenues continue to progress toward the 7.5% revenue estimate needed to balance the current year's budget. In the winter, total revenues increased 8.9% above previous year levels and were running at an 11.1% gain in April. However, the April figures are significantly impacted by the processing of refund checks. Previous quarterly gains were 7.8%, 4.1%, 6.0%, and 7.0% respectively. One positive factor is an increase in corporate income in April, although revenue was down in that sector for the quarter. Because of reduced inflationay pressures, there will be some difficulty in reaching the 10.7% revenue gain estimate for the next fiscal year. Our projections strongly suggest that double-digit gains in sales tax receipts will be necessary to attain that projected budget level. Such sales gains have not yet materialized, despite increases in consumer activity relative to the growth in personal income during the first quarter. This suggests that next year's budget estimates still might pose some difficulties.

Sales tax receipts in the first quarter slowed slightly to a 7.1% gain as compared with increases of 7.2%, 4.6%, 4.8%, and 5.7% in previous quarters. The 8.3% gain in April suggests that activity is reaccelerating, but moderate inflationary pressures clearly suggest that double-digit sales tax gains may not be achieved. Nationwide, sales tax receipts grew 7.2%, up from 6.6%, 4.6%, 7.1%, and 4.2% in previous quarters. Georgia scored sharp gains in income tax collections, expanding 18.4% in the winter quarter, up from 12.1% in the fall and 8.9%, 7.3%, and 17.3% in previous quarters. Nationwide, the increase was a much more modest 9.6%, up from 6.6% in the fall. In previous quarters, increases were 7.3%, 6.5%, and 8.7%. Corporate tax accruals in Georgia declined

0.9% in the most recent quarter. This was a significant improvement from the 19.4% decline in the fall or the 14.1% weakness in the summer. However, corporate tax accruals previously had been increasing 8.2%, and 5.8% in earlier quarters. For all state and local governments nationwide, estimated corporate tax accruals experienced a 13.9% increase. This was significantly better than the 7.6% slump in the fall or the 20% decline in the summer. Nationwide, declines were 30.7% and 34.4% in previous quarters. Thus, profit performance in the nation is out
of phase with performance in Georgia. However, the weakness in Georgia appears to be ending. As a result, revenue gains above 1983 levels certainly are likely in 1984, even if the 10.7% gain contained in the current budget may be slightly optimistic.

Summary of Outlook

According to the leading indicators, economic activity in Georgia should continue its 5% real growth path of the first quarter through the middle of the year. Some moderate slowing then should be anticipated in the latter part of the year, as a slowing in contributions from residential contruction is not offset by substantial firming in nonresidential construction activity. In addition, some slowing in the rate of expansion of employment in wholesale trade and the services should materialize. Nevertheless, activity is expected to expand nearly 4% in 1983 over 1982 after adjustment for inflation. This is a percentage point more favorable than anticipations for the nation as a whole.

Total employment is expected to expand 1.8%, creating 40,600 jobs in 1983. Gains are expected to be significant in some of the building related activities, such as a 4% employment gain in lumber, a 5.7% gain in transportation equipment to reflect the expansion of manufactured homes, and a 0.5% gain in textiles with the aid of a more than 5% gain in carpet employment. Printing should show a strong 4.7% gain, although most of that employment growth already has materialized. Of course, these service area continue to be where most of the jobs are being created. Employment growth is expected to be 4.6%, creating 17,300 jobs. Most of the 7900 additional jobs in state and local government also will require skills similar to those in the services sector. Not all Georgia industries will show substantial gains this year. Nonresidential construction is expected to cause a more dramatic decline in construction employment in 1983 than in 1982. Weakness is still intensifying in the metals and machinery industries where employment losses will average nearly 5%. Problems in food processing, especially bakeries and the declining meat processing industry, will prevent nondurables from showing any gains. The transportation services industry still is showing problems, although trucking should be heading upward before the end of 1983. Wholesale trade already has spurted so rapidly that some slowing in its growth is necessary later in the year.

In 1984, sharp expansion in nonresidential construction, recovery in the metals and machinery industries, the beginning phases of C5B activity, continued expansion of manufactured homes, and solid performances in retail trade all should add to the favorable trends that already are apparent in 1983. As a result, employment growth should be relatively robust, gaining 3.1%. Nearly 70,000 jobs should be created in that year.

These rapid employment gains suggest that personal income will be growing more rapidly in Georgia than nationwide during the early phase of this recovery. It should be noted, however, that the deceleration of inflationary pressures will be apparent in the personal income figures. Although real purchasing power in 1983 will be significantly higher than in 1982, nonfarm personal income will show a smaller rate of gain. These disinflationary trends may not be fully appreciated by those making revenue forecasts and budgetary decisions. Of course, the inflation factor in the spending process also should be diminished.

Surprisingly, returns on property income appear to be slowing more sharply in Georgia than in the nation despite the high interest incentives that were provided to people in Atlanta at the introduction of the money market deposit accounts. This reduced gain in property income may be an error in the personal income recording process. If so, higher levels of personal income certainly would develop. It must also be remembered that tax liabilities are declining in 1983. Coupled with sharp reductions in the rate of consumer price gains, real disposable income in 1983 should increase by nearly 4%. Comparable gains in real disposable income appear warranted for 1984.

Although Georgia's activity appears to be too dependent upon the housing cycle, the current up phase in that cycle certainly has been beneficial to the state's recovery. In addition, Georgia is becoming a service state despite its image of being agricultural and textile based. Thus, conclusions that the state simply will not be able to grow rapidly in the latter 80s, which continue to be generated by studies prepared in New England, probably are not warranted. Recovery is here, and it appears to be reasonably robust in all sectors except metals and machinery. By 1984 those sectors should join the recovery.

Atlanta Recovering from What Recession?

According to the seasonally adjusted nonagricultural employment data contained in Table 5, employment in Atlanta expanded at a 5.5% annual rate in the first quarter. Such a rate of increase is so robust that it obviously cannot be sustained. Nevertheless, the metropolitan area probably experienced real GNP growth in the vicinity of 8% over the winter months. Some slowing occurred in March as the weather turned unseasonally bad. Nevertheless, activity in the Atlanta area is doing exceedingly well. The 4.2% increase in seasonally adjusted employment in retailing during the winter appears to be totally unjustified until it is placed beside the 17% expansion in department store sales as contained in GSU surveys. Those surveys are beginning to show a bit of slowing late in April, suggesting that the surge in retail activity is nearing an end. Nevertheless, no signs of an imminent reversal of retail activity have developed. Moreover, wholesale trade has not shown the significant rates of expansion in Atlanta that have developed throughout the state. Some gains should begin to materialize later in the summer.

Activity is beginning to intensify at the Ford Hapeville assemply plant, although the Lakewood plant remains idle. Lockheed is expected to become a factor in the transportation equipment picture in the second half of 1984. Construction materials and manufactured homes are not as significant in Atlanta as Georgia, so the rebound in durable goods has not been as robust. Indeed, declines are continuing in the metals and machinery industries. On the other hand, instrumentation and ordnance, are firming. In nondurables, printing is

being favored in Atlanta as throughout Georgia, while the problems in food processing appear to be in other parts of the state than in the metropolitan area. Of course, the textile industry is rapidly leaving the city. Most of those lost textile jobs will not return.

Atlanta should continue to benefit from growth in the finance, real estate, and private service sectors. Modest gains also are anticipated in government. Layoffs at some of the airlines may continue to have an adverse affect upon transportation services employment through the summer months of 1983. By the fall, however, increased airline traffic is expected to turn that sector around.

The problems developing in nonresidential construction statewide do not appear to be influencing the Atlanta economy. Of course, some nonresidential activity remains strong in the metro area. Hotel activity appears to be increasing, highway improvement continues to be a significant employer, MARTA continues to need nearly as many workers as in previous years, while the airport will begin to finance a fourth runway.

Not everything in the construction area is rosy, however. Office vacancies as measured by the Coldwell Banker Office Vacancy Index, increased from 19.4% in downtown Atlanta in December to 19.9% in March. Of course, vacancies throughout the nation were still rising rapidly, increasing from 10.3% to 10.8% over the same period. Vacancies apparently remain in the 16% range in the Perimeter and Buckhead areas. As completions of office space are declining sharply, expecting to add only 3 million square feet of floor space to the Atlanta supply in 1983, these modest gains in vacancies suggest that absorption rates were relatively modest in the first three months of this year. Of course, such seasonal slowing does occur. Corporate movements into the Atlanta area still appear to be healthy. As a result, this absence of no net new absorption of space during the winter months should not be viewed with alarm. On the other hand, an unwinding of commercial projects in 1983 should lead to reduced nonresidential construction employment in the latter half of this year.

Industrial vacancy rates also rose in Atlanta from 2.6% to 2.9% in March. Nationwide the vacancy rate remained unchanged at 4.8%. Apparently, inventory liquidations are beginning to open up warehouse space in the Atlanta area. As a result, industrial construction activity probably will subside in the latter half of 1983 before again increasing in 1984. Of course, residential activity is dominating construction in Atlanta at the present time. After a robust housing market in 1982, bringing Atlanta to second in the nation in housing activity according to some estimates, housing continues to grow sharply. Price softness suggests that some moderation in the rate of construction expansion is warranted. Nevertheless, builders appear to want to place Atlanta in the top rungs of the housing market again in 1983. In March, total permits excluding Marietta were up 48% from previous year levels. While this was less robust than the 68.5% in the nation and a 74.5% increase in permits in the south, it occurred on a much stronger base than those other areas. Moreover, the increase in single-family unit permits was 114% in Atlanta excluding Marietta, as compared with as 81% gain for the nation. Fortunately, the swing toward multi-family activity has not intensified. Thus, any developing glut that might arise will be in the single-family area. (Marietta is excluded from comparisons because that area was not included in the permit figures for 1982. Most of the construction in Marietta is multi-family at the present time.)

During the winter quarter single-family permits in Atlanta expanded 115.4% from 2514 a year ago to 5414 this winter. Multi-family units also increased to 2105 units from 1492 units a year ago, a 41.1% increase. In March, however, multi-family units decreased 52.5% to 320 from 673 a year ago. Single-family permits grew 117.7% to 2316 from 1064 a year ago. Condominium permits continued to increase, showing a 28% gain to 201 units from 157 units a year ago. (All the above data exclude statistics for Marietta.)

A recent study on household formations by Dun and Bradstreet showed a surprising increase in houshold formations for north Georgia since the 1980 census. According to their figures, household formations increased 107,000 even as population showed only a 111,000 gain. These figures obviously are inappropriate. Such gains would have dramatically reduced the vacancy rates of units in the Atlanta area. Nevertheless, the relationship between household formations and population growth has continued to shift. As a result, it now appears that households increased 19,000 in 1982. As economic activity creates some unbundling of households, formations in the metropolitan areas should rise to 22,200 in 1983 and 23,500 in 1984. After adjustment for vandalism, abandonment , and other retirement of housing units, these figures would support permit gains approaching 25,000 by 1984. In fact, our county by county analysis suggests that permit activity will be in excess of needs, although the degree of discrepancy appears to be slight. If overbuilding occurs, it may be most intense in Cobb County, although a surge of activity in Clayton County may not find sufficient buyers.

Atlanta's lending institutions reflected the exuberance of builders during the first quarter, showing an increase in mortgage commitments of 82.4%. This occurred despite an increase in savings capital of only 0.7% and continued weakness in net worth, showing a decline of 0.3% in the quarter. However, net worth has been increasing since January.

Taxable sales in the metropolitan area continue to show significant gains relative to the state, although the 10.3% fourth quarter gain was only a percentage point better than statewide. For the year as a whole, the metro area showed a 6.4% gain in taxable sales as compared to 5.5% for the state. Fayette showed the largest rate of gain with a 20.8% increase in taxable sales from previous year levels in the fourth quarter. Increases also were significant for Douglas (17.4%), Cobb (13.5%), Dekalb (11.8%), Clayton (11.5%), and Gwinnett (20%). Although Rockdale continued to show strong gains (11.8%), they were below third quarter rates of expansion. Sales growth in Cherokee continued to grow more slowly than housing activity, showing only a 10.8% year over year gain in the fourth quarter. Of course, Fulton county showed the slowest gains, exhibiting an increase of only 6.7%. For the year as a whole Fulton county actually showed less sales tax growth than in the state.

Although dramatic increases in retail employment cannot be sustained, no early reversal is in sight. In addition, construction is adding to economic activity in Atlanta even as it is substracting from activity statewide. These two factors, along with less dependence upon manufacturing than in the state, account for projections of a 3% employment growth in the metropolitan area during 1983. Gains should be 3.7% for 1984 as a surge in durable manufacturing employment is expected to offset a necessary slowing in the growth of retail trade.

The following table reveals current anticipations of single and multi-family permits for leading counties in the metro area (condos are included in the multi-family count):

	1981		1982		1983		1984	
County	single	multi	single	multi	single	multi	single	multi
Cherokee	635	105	885	0	1225	50	1300	50
Clayton	509	0	642	28	1175	40	1250	70
Cobb	2283	1156	3337	824	5210	2370	5030	2080
DeKalb	1270	622	2023	1107	2520	1650	2560	1930
Douglas	-	-	307	4	430	10	460	20
Forsyth	303	6	277	30	345	30	370	40
Fulton	1476	2247	2175	2601	2375	1160	2210	1720
Gwinnett	2817	1501	3686	1523	5350	1220	5570	1450
Henry	336	6	334	10	375	25	415	30
Rockdale	267	4	261	138	355	50	380	80
Total	9896	5647	13936	6265	19360	6605	19545	7420
% Change From Previous Year	-25.5	+4.5	+40.8	+10.9	+38.9	+5.4	+1.0	+12.3
% Change in Total (single + multi)	-16.8		+30.0		+28.5		+3.9	

Note: Data for Douglas not available prior to 1982. Cobb totals include Marietta in 1983 and beyond. (Source: Homebuilders Association of Metro Atlanta.)

Strong employment growth has led to a significant upward revision in population estimates for the Atlanta area. As mentioned above, these gains in population are also related to higher household formations than originally expected. However, a slowing in rental rates and housing prices suggest that a little builder caution at the present time is warranted. Moreover, gains in personal income estimated for Atlanta are not sufficient to sustain the rapid growth in retail sales that apparently developed early in 1983. Of course, increased convention and tourist traffic may account for some of that expansion. Nevertheless, it should be noted that some of the favorable economic performance that Atlanta achieved early this year is based upon conditions that cannot continue to grow at that rate.

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1983

Table 1

Georgia Wage & Salary Employment for 1981 and 1982 with Forecasts for 1983 and 1984
(Thousands)

Industry	1981	1982	1983	1984	80-81	81-82	82-83	83-84
1. Mining	7.7	7.4	7.3	7.4	-1.3	-3.9	4.4	1.4
2. Construction	104.2	103.3	99.4	102.7	-1.0	-0.9	-3.8	3.3
3. Manufacturing	524.6	500.9	500.9	514.8	1.0	-3.7	0.0	2.8
Durables	186.1	176.5	176.6	184.8	2.8	-5.2	0.1	4.6
Lumber	28.7	27.5	28.6	29.1	-0.7	-4.2	4.0	1.7
Furniture	9.3	9.4	9.2	9.3	-1.1	1.1	-2.1	1.1
Stone, Clay, Glass	17.3	16.0	16.2	16.5	-2.3	-7.5	1.3	1.9
Primary Metals	17.6	16.1	15.5	16.2	6.7	-8.5	-3.7	4.5
Fabricated Metals	20.0	17.5	16.7	17.4	4.3	-12.5	-4.6	4.2
Nonelectrical Machinery	23.0	20.7	19.3	20.2	3.1	-10.0	-6.8	4.7
Electrical Machinery	22.9	23.1	22.1	23.7	12.8	0.9	-4.3	7.2
Transportation Equipment	36.0	34.9	36.9	39.7	6.2	-3.1	5.7	7.6
Other Durables	11.2	11.5	12.1	12.7	0.9	2.7	5.2	5.0
Nondurables	338.5	324.2	324.3	330.0	0.1	-4.2	0.0	1.8
Food	59.5	58.5	57.8	58.6	0.3	-1.7	-1.2	1.4
Textiles	113.6	104.2	104.7	106.5	-3.4	-8.3	0.5	1.7
Apparel	72.0	69.5	69.4	70.0	-0.4	-3.5	-0.1	0.9
Paper	28.5	27.5	27.4	28.0	0.4	-3.5	-0.4	2.2
Printing	24.4	25.4	26.6	27.3	4.3	4.1	4.7	2.6
Chemicals	17.5	17.1	17.0	17.7	3.6	-2.3	-0.6	4.1
Leather	2.5	2.2	1.9	1.9	8.7	-12.0	-13.6	0.0
Other Nondurables	20.6	19.8	19.5	20.0	13.8	-3.9	-1.5	2.6
4. Transportation, Comm. & Utilities	144.9	145.9	146.0	148.6	3.2	0.7	0.1	1.8
5. Trade	512.0	520.3	535.4	552.0	2.5	1.6	2.9	3.1
Wholesale	162.1	164.0	169.2	173.5	3.0	1.2	3.2	2.5
Retail	350.0	356.3	366.2	378.5	2.3	1.8	2.8	3.4
6. Finance, Ins. & Real Estate	114.7	116.4	119.9	124.1	2.3	1.5	3.0	3.5
7. Services	359.5	372.3	389.6	408.3	4.0	3.6	4.6	4.8
8. Government	431.1	434.9	443.6	453.7	[illegible]4	0.9	2.0	2.3
Federal	84.8	84.8	85.6	86.5	-0.9	0.0	0.9	1.1
State & Local	346.3	350.1	358.0	367.2	0.8	1.1	2.3	2.6
Total Wage & Salary Employment	2198.6	2201.5	2242.1	2311.6	1.8	0.1	1.8	3.1

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1983

Table 2 Georgia Personal Income for 1981 and 1982 with Forecasts for 1983 and 1984
(Millions of Dollars)

	1981	1982	1983	1984	80-81	81-82	82-83	83-84
Labor & Proprietors' Income:								
1. Wage & Salary Income	32695	34865	37145	40324	11.0	6.6	6.5	8.6
2. Other Labor Income	2982	3357	3761	4201	11.9	12.6	12.0	11.7
3. Proprietors' Income	2846	2870	3243	3637	24.6	0.8	13.0	12.1
Farm	535	501	525	614	822.4	-6.3	4.8	17.0
Nonfarm	2311	2368	2718	3023	3.7	2.5	14.8	11.2
Labor & Proprietors' Income:								
1. Farm	771	745	784	892	162.3	-3.4	15.2	13.8
2. Mining	158	161	164	179	9.4	1.9	1.9	9.2
3. Contract Construction	1998	2169	2321	2572	5.5	8.6	7.0	10.8
4. Manufacturing	9035	9226	9909	10814	10.7	2.1	7.4	9.1
Durables	3750	3883	4063	4506	12.1	3.5	4.6	10.9
Nondurables	5285	5344	5846	6308	9.7	1.1	9.4	7.9
5. Transportation & Utilities	3846	4181	4365	4749	12.1	8.8	4.4	8.8
6. Trade	7378	7818	8339	9060	9.9	6.0	6.7	8.6
Wholesale	3571	3823	4096	4448	10.7	7.0	7.1	8.6
Retail	3607	3995	4243	4612	9.3	5.0	6.2	8.7
7. Finance, Ins. & Real Estate	2120	2320	2611	2888	9.3	9.4	12.5	10.6
8. Services	5863	6495	7176	7951	13.0	10.8	10.5	10.8
9. Other Industries	144	151	166	181	14.1	5.0	8.2	8.7
10. Government	7212	7825	8314	8876	11.0	8.5	6.2	6.8
Federal Civilian	1813	1957	2073	2148	9.2	7.9	5.9	3.6
Federal Military	986	1098	1162	1207	4.7	11.4	5.8	3.9
State & Local	4413	4771	5079	5521	12.5	8.1	6.5	8.7
Plus:								
Property Income	6967	7754	8154	8937	20.6	11.3	5.2	9.6
State U.I. Benefits	189	325	316	265	-6.0	71.7	-2.8	-16.1
Other Transfers	6534	7145	7883	8380	14.0	9.0	10.3	6.3
Residence Adjustment	-101	-127	-149	-165	-	-	-	-
Less: Social Ins. Contributions	2329	2541	2782	3222	19.4	9.1	9.5	15.8
Equals: Total Personal Income	49803	53648	57571	62357	13.0	7.7	7.3	8.3
Nonfarm Personal Income	49032	52902	56787	61465	12.0	7.9	7.3	8.2
% of U.S. Nonfarm	2.07	2.09	2.10	2.11	-	-	-	-

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1983

Table 3 Atlanta SMSA Wage and Salary Employment for 1981 and 1982 with Forecasts for 1983 and 1984
(Thousands)

Industry	1981	1982	1983	1984	80-81	81-82	82-83	83-84
1. Contract Construction	45.3	45.0	45.1	47.4	-2.6	-0.7	0.2	5.1
2. Manufacturing	147.8	142.2	141.6	149.1	2.7	-3.8	-0.4	5.3
Durables	74.9	72.1	71.3	76.5	4.6	-3.7	-1.1	7.3
Lumber	2.9	2.6	2.7	2.8	-6.5	-10.3	3.8	3.7
Furniture	3.8	3.5	3.5	3.6	5.6	-7.9	0.0	2.9
Stone, Clay, Glass	7.3	6.6	7.0	7.3	0.0	-9.6	6.1	4.3
Primary Metals	5.2	5.2	4.8	5.1	4.0	0.0	-7.7	6.3
Fabricated Metals	7.8	7.1	6.8	7.3	-1.3	-9.0	-4.2	7.4
Nonelectrical Machinery	8.3	7.6	7.4	7.8	9.2	-8.4	-2.6	5.4
Electrical Machinery	11.4	11.9	11.3	12.0	10.7	4.4	-5.0	6.2
Transportation Equipment	24.3	22.9	22.9	25.3	4.3	-5.8	0.0	10.5
Other Durables	4.0	4.7	4.9	5.3	11.1	17.5	4.3	8.2
Nondurables	72.9	70.1	70.3	72.6	0.8	-3.8	0.3	3.3
Food	19.2	18.6	18.7	19.1	0.5	-3.1	0.5	2.1
Textiles	6.2	4.8	4.2	4.4	-13.9	-22.6	-12.5	4.8
Apparel	9.3	8.5	8.5	8.8	-4.1	-8.6	0.0	3.5
Paper	8.2	7.6	7.7	8.3	3.8	-7.3	1.3	7.8
Printing	16.0	16.6	17.1	17.5	3.9	3.8	3.0	2.3
Chemicals	7.7	7.6	7.7	7.9	5.5	-1.3	1.3	2.6
Other Nondurables	6.3	6.4	6.4	6.6	10.5	1.6	0.0	3.1
3. Transportation, Comm. & Utilities	89.8	91.9	92.4	94.6	4.7	2.3	0.5	2.4
4. Trade	273.6	280.5	296.1	307.4	3.0	2.5	5.6	3.8
Wholesale	104.9	106.8	108.5	111.0	3.6	1.8	1.6	2.3
Retail	168.7	173.7	187.6	196.4	2.6	3.0	8.0	4.7
5. Finance, Ins. and Real Estate	68.7	70.0	71.7	73.5	1.9	1.9	2.4	2.5
6. Services	208.2	215.7	224.8	232.9	4.5	3.6	4.2	3.6
7. Government	162.8	162.0	165.6	170.4	1.6	-0.5	2.2	2.9
Federal	34.3	33.1	32.8	33.1	0.9	-3.5	-0.9	0.9
State & Local	128.5	128.9	132.8	137.3	1.7	0.3	3.0	3.4
Total Wage & Salary Employment	996.2	1007.4	1037.3	1075.3	2.8	1.1	3.0	3.7

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1983

Table 4 Atlanta SMSA Personal Income with Estimates for 1981 and 1982 and Forecasts for 1983 and 1984
(Millions of Dollars)

	1981	1982	1983	1984	80-81	81-82	82-83	83-84
Labor & Proprietors' Income:								
1. Wage & Salary Income	16581	17844	19079	20853	12.0	7.6	6.9	9.3
2. Other Labor Income	1644	1854	2079	2328	12.9	12.8	12.1	12.0
3. Proprietors' Income	1171	1207	1385	1539	5.5	3.1	14.7	11.1
Farm	30	25	24	26	-	-	-	-
Nonfarm	1141	1182	1361	1513	4.6	3.6	15.1	11.2
Labor & Proprietors' Income:								
1. Farm	42	39	40	44	44.8	-7.1	2.6	10.0
2. Mining	19	20	22	24	5.5	5.3	10.0	9.1
3. Contract Construction	975	1060	1177	1325	3.9	8.8	11.0	12.6
4. Manufacturing	3172	3285	3481	3893	12.4	3.6	6.0	11.8
Durables	1854	1947	2013	2287	13.9	5.0	3.4	13.6
Nondurables	1318	1338	1468	1606	10.4	1.5	9.7	9.4
5. Transportation & Utilities	2618	2891	3030	3314	13.6	10.4	4.8	9.4
6. Trade	4725	5056	5459	5955	10.6	7.0	8.0	9.1
Wholesale	2739	2947	3109	3371	11.3	7.6	5.5	8.4
Retail	1986	2109	2350	2584	9.6	6.2	11.4	10.0
7. Finance, Ins. & Real Estate	1477	1621	1814	1989	8.9	9.8	11.9	9.6
8. Services	3591	3979	4381	4801	13.5	10.8	10.1	9.6
9. Other Industries	33	34	37	40	13.0	4.5	8.0	8.1
10. Government	2744	2920	3102	3335	12.4	6.4	6.2	7.5
Federal Civilian	826	862	898	928	11.0	4.4	4.1	3.4
Federal Military	88	94	99	102	3.5	6.9	5.0	2.8
State & Local	1830	1964	2105	2305	13.4	7.3	7.2	9.5
Plus:								
Property Income	3013	3366	3578	3939	21.3	11.7	6.3	10.1
Transfer Payments	2160	2376	2602	2766	9.6	10.0	9.5	6.3
Residence Adjustment	-570	-593	-627	-643	-	-	-	-
Less: Social Ins. Contributions	1118	1231	1353	1577	20.2	10.1	9.9	16.6
Equals: Total Personal Income	22881	24823	26743	29205	12.5	8.5	7.7	9.2
Nonfarm Personal Income	22839	24784	26703	29161	12.4	8.5	7.7	9.2
% of Georgia Nonfarm	46.58	46.85	47.02	47.44	-	-	-	-
Population (#,Thousands)	2079	2115	2162	2215	2.16	1.73	2.20	2.46

Georgia State University
College of Business Administration
Economic Forecasting Project
May 1983

Table 5 Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	82-1	82-2	82-3	82-4	83-1(P)	Mar.(P)	82-1	82-2	82-3	82-4	83-1(P)	Mar.(P)
Total	2192.5	2199.9	2208.2	2205.9	2220.9	2218.8	997.7	1008.4	1011.7	1012.3	1026.0	1023.8
Mining	7.5	7.4	7.4	7.3	7.3	7.3	-	-	-	-	-	-
Contract Construction	102.9	104.3	103.4	102.7	100.0	96.9	43.9	44.9	45.4	46.2	46.7	44.5
Manufacturing	508.2	503.0	498.2	494.4	497.8	496.6	144.5	143.2	141.9	139.3	140.7	139.7
Durables	180.6	177.7	176.6	172.2	174.9	174.2	73.9	73.0	72.9	69.2	70.8	70.2
Lumber	27.2	27.3	27.6	28.1	28.5	28.4	2.6	2.6	2.6	2.6	2.7	2.6
Furniture	9.3	9.5	9.5	9.2	9.1	9.1	3.6	3.6	3.5	3.5	3.5	3.5
Stone, Clay, Glass	16.4	16.1	15.9	15.8	16.1	16.1	6.6	6.5	6.6	6.5	6.9	6.9
Primary Metals	16.6	16.3	16.0	15.5	15.5	15.3	5.4	5.3	5.2	5.0	4.8	4.7
Fabicated Metals	18.5	17.5	17.1	17.0	16.6	16.7	7.5	7.2	6.9	6.8	6.7	6.7
Nonelectrical Machinery	21.7	21.2	20.4	19.5	19.2	19.2	7.6	7.8	7.7	7.5	7.2	7.4
Electrical Machinery	23.9	23.6	23.1	21.9	21.7	21.8	12.2	12.1	11.9	11.5	11.1	11.2
Transportation Equipment	35.1	35.2	35.6	33.7	36.5	35.8	23.8	23.3	23.5	21.6	23.1	22.4
Other Durables	11.9	11.3	11.3	11.5	11.7	11.8	4.7	4.7	5.0	4.3	4.8	4.8
Nondurables	327.8	324.6	322.6	321.9	322.9	322.4	71.4	70.2	69.4	69.6	69.9	69.5
Food	58.8	58.9	58.3	58.0	57.8	57.3	18.8	18.7	18.4	18.7	19.0	18.6
Textiles	105.9	104.3	103.4	103.2	103.3	103.6	5.3	4.8	4.7	4.5	4.1	4.1
Apparel	70.6	69.8	69.1	68.7	69.9	69.6	8.9	8.7	8.4	8.2	8.4	8.4
Paper	27.8	27.5	27.4	27.2	27.3	27.3	7.9	7.6	7.5	7.6	7.5	7.6
Printing	24.9	25.1	25.6	25.9	26.3	26.4	16.4	16.5	16.7	16.7	17.0	16.9
Chemicals	17.6	17.3	16.9	16.8	16.9	16.9	7.7	7.6	7.5	7.5	7.6	7.6
Leather	2.3	2.2	2.3	2.0	2.0	2.0	-	-	-	-	-	-
Other Nondurables	19.9	19.5	19.7	20.0	19.4	19.3	6.5	6.3	6.2	6.6	6.3	6.3
Transportation, Comm. & Util.	145.9	146.5	146.0	145.2	145.7	145.9	91.7	92.3	92.3	91.8	92.1	92.2
Trade	515.1	520.9	522.2	523.0	528.2	529.9	275.4	281.6	282.1	283.9	290.1	290.6
Wholesale	162.1	164.0	164.5	165.4	166.8	168.2	105.2	106.7	107.5	108.0	107.6	106.6
Retail	352.7	357.0	357.8	357.7	361.4	361.7	169.9	174.9	174.8	175.1	182.5	184.0
Finance, Ins. & Real Estate	115.7	116.4	116.2	117.5	118.8	118.9	69.9	70.1	70.0	70.3	71.2	71.3
Services	366.7	369.7	373.8	378.7	384.3	384.6	211.7	214.8	217.0	219.2	220.9	221.6
Government	430.3	431.6	441.1	437.0	438.8	438.7	160.7	161.5	163.1	162.7	164.3	163.9
Federal	84.6	84.5	84.8	85.3	85.6	85.3	33.1	33.5	33.1	32.7	32.8	32.8
State & Local	345.7	347.2	356.7	351.2	353.2	353.4	127.7	128.1	129.9	130.0	131.5	131.1

The Georgia State University Economic Forecasting Project collects data, engages in analysis of macro-economic systems, and develops procedures that aid in the creation of econometric descriptions of the national, regional, and local economies. Our research is sponsored by the Georgia State University College of Business Administration and receives financial support from the following organizations:

The Citizens and Southern National Bank

The Coca-Cola Company

Delaware Investment Advisors (Philadelphia, Pennsylvania)

First Atlanta Corporation

First Railroad and Banking Company of Georgia

Fulton Federal Savings and Loan Association

Lowe's Companies, Inc.

Morgan, Keegan and Company, Inc. (Memphis, Tennessee)

Piggly Wiggly Southern, Inc.

The Robinson-Humphrey Company

Southern Bell Telephone & Telegraph Company

Trust Company of Georgia

Associate sponsors:

Anglo-American Clays Corporation

Financial Services Corporation

Maxey-Bosshardt Lumber Company

Owens-Corning Fiberglas Corporation (Toledo, Ohio)

Yancey Bros. Co.

BEST AVAILABLE COPY

8/15/83 U1880-2 A

Georgia State University Forecast

Georgia and Atlanta 1983-1985

Five-Year Atlanta Outlook

Presented at the
Quarterly Forecasting Conference
of the
College of Business Administration
August 11, 1983

Economic Forecasting Project
Donald Ratajczak, Director
James A. Pihera, Assistant Director
College of Business Administration
Kenneth Black Jr., Dean

Background

Georgia State University
a unit of the university system of georgia

university plaza
atlanta, georgia 30303

college of business administration
economic forecasting project
404/658-3282

August 12, 1983

Enclosed is the latest quarterly national economic forecast prepared by the Economic Forecasting Project at Georgia State University.

When economic recoveries begin, gaps develop between desired and actual production, especially in housing and inventory - sales relationships, which tend to generate a relatively normal and predictable first year of recovery. Indeed, during the process of eliminating those gaps, economic activity is not very sensitive to changes in interest rates. However, interest sensitivity reappears once housing completions overtake housing starts and once inventories once again become aligned with sales.

Our forecast shows that increased interest sensitivity will reappear early in 1984. Because household savings are unusually low, interest rates probably will be higher at that time than when recovery began. This means current housing starts will not be sustained and that automobile sales will be forced to decline slightly from current levels. As a result, the second year of economic recovery will be substantially less robust than the first year.

On the other hand, increased interest sensitivity and resulting slowing in economic activity early in 1984 will establish an environment from which interest rates can once again decline. Thus, the recovery probably is not under serious jeopardy, but the speed by which the economy returns to economic health very much depends upon the interest rate environment.

If reducing the government deficit could become the first priority in Washington, rather than preserving tax cuts, beefing up defense, or re-establishing social programs, a more sustained and vigorous recovery could occur. Unfortunately, neither the leadership nor desire has surfaced to successfully reduce the government's presence in credit markets. Therefore, a stuttering recovery following a vigorous first year appears to be confronting the American economy.

Please forward any comments you may have concerning the forecast or this letter to my attention.

Sincerely,

Donald Ratajczak

Donald Ratajczak
Director
Economic Forecasting Project

HIGH INTEREST RATES TO SLOW GEORGIA RECOVERY IN 1984

Dr. Donald Ratajczak, Director
Economic Forecasting Project
Georgia State University

Recent Activity

During the first quarter of 1983, nonfarm personal income in Georgia increase 1.7% as compared with a gain of 1.1% for the nation. This more rapid than national growth confirms the results of Georgia's coincident indicators, which showed the real rate of growth in Georgia was 5.9% in the first quarter as compared to 2.6% nationwide.

Farm income in Georgia rebounded more sharply than in the nation, as Georgia production and prices appeared to be recovering from poor performance in previous years. Unfortunately, the cold snap that occurred during the spring will reverse this farming performance when the second and third quarter personal income figures are available. Indeed, farm income in Georgia is not expected to exceed previous year levels, although farm income nationwide may show an increase in excess of 30%.

Much of the better economic performance in Georgia during the first quarter was related to significant gains in manufacturing payrolls. While national payrolls in durable manufacturing were declining 1.8% from previous year levels, they were advancing 9.2% in Georgia on the strength of a significant recovery in the building materials industry and in manufactured homes, which are included in the transportation equipment sector. Nondurables also outperformed the nation, growing 6.5% vs. 3.8% nationwide. Much of this improved performance was in the carpet industry, and other housing related activity. Construction also rebounded more sharply in Georgia, as the housing sensitivity of the Georgia economy was generating favorable employment gains early in the year.

Virtually all sectors of the Georgia economy were growing more rapidly than nationwide from previous year levels with the exception of military payrolls, where increases were only 2.8% in Georgia as compared with 4.5% nationwide, and in the finance group. This latter slowing probably reflects the less than normal concentration of brokerage activity in the Georgia economy. Certainly, the banking community in Georgia has continued to perform well relative to other banking institutions throughout the region and throughout the country.

Much of the boom in economic activity nationwide reflected a change in inventory liquidations. These inventory swings typically are concentrated in durable goods industry, which are not heavily concentrated in Georgia. Therefore, less than national gains should have been expected in the Georgia economy in the second quarter. Three bits of data suggest that just such a relative slowing has occurred. The coincident indicators suggest that real economic activity expanded 4.1% during the second quarter, a slight slowing from first quarter levels, even as activity nationwide was accelerating to a gain of

8.7%. Second, seasonally adjusted gains in payroll employment (as reflected in Table 5) expanded 1.8% during the second quarter in Georgia, while those payrolls were expanding 2.8% nationwide. Third, tax collections began to slow in Georgia relative to the nation. Indeed, this absence of a significant rebound in revenue collections during the second quarter caused receipts to fall marginally short of official budget projections.

After a period of reduced growth during the spring, Georgia's leading indicators once again have increased sharply in June. The only indicator to show weakness was the volume of mortgages outstanding. However, this particular series may no longer be related to housing activity in Georgia as savings associations are packaging and selling mortgages on the secondary market rather than accumulating mortgage positions in their own portfolios. Gains were unusually strong for nonresidential construction contracts, suggesting that commercial and industrial activity will once again intensify late in 1983. Other strong gains were in the sales tax and savings capital areas. It is noteworthy that both a measure of consumer activity and a measure of consumer savings have increased sharply in June, suggesting that personal income gains once again are increasing rapidly at the end of the second quarter. A significant increase in the workweek suggests that employment will continue to grow strongly through the summer months. Insignificant but favorable changes occurred for unemployment claims and total tax revenues at the state level. However, tax revenues are gaining much more slowly than in the Governor's budgetary projections. Our forecast strongly suggests that another moderation in those budgeted amounts will be required when the Legislature reconvenes in January.

The leading indicators in June increase 0.8%, which is the equivalent of 2.4% on the national scale. During the last year, the indicators have risen 2.1%, which is indicative of moderate economic expansion ahead. Thus, the indicators are reflecting significant near term growth but only moderate rates of expansion over the next year.

Georgia's coincident indicators also began to reaccelerate, after showing little growth in early spring, when unusual weather patterns may have dampened economic activity. Estimates of farm receipts suggest that the farm economy is not performing as well in Georgia as nationwide, as those receipts have declined for four consecutive months. Bank deposits, which grew dramatically early in the year, are no longer showing any significant gains. On the other hand, corporate tax accruals have again turned positive in May and June. This usually is a precursor of increased employment activity. A strong increase in the Index of Hours Worked during June suggests that payrolls probably expanded as rapidly as economic activity in that month. Thus, Georgians entered the summer months with a significant increase in personal income. While the coincident indicators suggest that economic activity increased only 4.1% in the second quarter, the increase in June was equivalent to a gain of more than 7%.

Seasonally adjusted nonagricultural employment in Table 5 does not show any strength in construction during the first six months of 1983. However, the housing boom developing throughout the state is reflected in our preliminary estimates of a significant increase in construction employment during June. Employment gains in durable goods were less intensive in Georgia than nationwide during the spring, as automobile related activity eased slightly in the state. (After initial success, the sale of Thunderbirds from the Hapeville Ford plant began to fall short of projections.) The machinery industries began rebounding

sooner than in normal economic recoveries, as demand for cost effective equipment began to increase and as several small machinery producers migrated into the state. Although the seasonally adjusted data indicate that employment in primary metals continued to decline during the second quarter, the preliminary June figures suggest that this one area of weakness also has reached its low point for this cycle.

Textiles continue to dominate the rebound in nondurable employment. Indeed, preliminary June data show continuing strong increases in the textile industry, primarily in carpeting. On the other hand, the apparel industry in Georgia has not benefited from significiant increase in apparel sales nationwide. Our seasonally adjusted data show considerable weakness remaining in that sector. Similarily, the paper industry has not yet rebounded, as inventory liquidations do not stimulate significant demand for packaging materials. Paper traditionally is a lagging indicator. This industry is expected to turn around in the latter part of 1983. After a burst in activity reflecting new financial instruments, the printing industry in Georgia has exhibited no further employment expansion in the last six months. Indeed, most manufacturing in Georgia has not rebounded dramatically, primarily because it had not slumped as dramatically, except in the building related areas, as the nation as a whole.

The transportation sector is beginning to show a modest upturn, as both air and trucking activity have begun to rebound. The movement toward inventory restocking has been beneficial to the wholesale trade industry, which showed significant employment gains during the second quarter. Large employment gains also stimulated retail activity, as unusually strong gains in sales tax receipts would suggest. Growth remains relatively strong in the finance, insurance, and real estate industries, although some slowing of employment in real estate is likely early in 1984. Certainly, seasonally adjusted employment estimates do not suggest that a boom is developing. Except in the carpet industry, where gains indeed have been dramatic in the last year, most employment gains appear to be a continuation of the moderate recovery that began early in 1983.

In June, Georgia's unemployment rate uncharacteristically declined significantly from 7.2% to 6.8%. Meanwhile, the seasonally unadjusted figures for the United States showed the traditional seasonal increase from 9.8% in May to 10.2% in June. As a result, unemployment in Georgia is 3.4 percentage points more favorable in Georgia. During the last year, the unemployment rate nationwide increased 0.4 percentage points, while it was declining 1.1 percentage points in Georgia. Athens now has the lowest unemployment rate of all metropolitan areas in the state, with unemployment falling from 6.5% in May to 5.8% in June. This is an improvement of 0.1 percentage points from a year ago. While the unemployment rate in Atlanta fell only from 6.1% in May to 6.0% in June, unemployment is down 0.5 percentage points from previous year levels. Savannah apparently has overcome the employment problems at its paper plants, as the unemployment rate fell from 8.6% in May to 7.7% in June. While Macon has a lower unemployment rate, at 7.4%, unemployment in that central Georgia metropolitan area has shown no tendency to decline in recent months and now stands 0.5 percentage points above previous year levels. Columbus probably has made the greatest strides in lowering unemployment during the last year, as the unemployment rate has improved from a dismal 10.9% a year ago to a more acceptable 8.1% this June. Augusta also has improved its unemployment rate from 9.3% a year ago to 8.6%. Finally, the strength in mobile homes apparently has not been sufficient to outset weakness in food processing, as the unemployment

rate in Albany remain at the high 9.5% that was established a year ago. This especially favorable June report suggests that unemployment in Georgia should fall from the 7.8% rate in 1982 to 7.5% in 1983. In 1984, the unemployment rate in Georgia should decline, but only to the 7% vicinity, as high interest rates begin to have an adverse effect upon the housing related industries in Georgia. A decline in the unemployment rate in the vicinity of 6.5% is likely in 1985.

Although inflation continues to be a greater problem in the Atlanta area than in the United States, consumer prices in June were 3.8% above previous year levels in the metropolitan area as compared with a 2.6% gain nationwide. This diminished to price gap to 1.2 percentage points from a 1.9 percentage point differential four month previously. Furthermore, the more recent data reflects increases in sales tax in parts of metropolitan Atlanta. In the latest two month period, consumer prices rose 0.8% in the nation and 1.6% in Atlanta. Grocery store prices fell more sharply in Atlanta than nationwide as declines in cereals and bakery products and in dairy products more than offset a more significant national increase of prices for fruits and vegetables. Prices of alcoholic beverages also declined in Atlanta even as they were expanding nationwide. However, prices rose more sharply in the Atlanta metropolitan area than nationwide for renters (2.0% vs. 0.7%), homeowners (2.7% vs. 0.5%), utilities (3.6% vs. 2.8%), household furnishing (0.9% vs. -0.2%), apparel (5.7% vs. 0.0%), and entertainment (1.8% vs. 0.3%). In the last year, food prices have increased more rapidly in Atlanta. More rapid than national price increases also have occurred for housing and rents, household furnishing, and apparel. However, utility prices did not increase as much as nationwide, despite more rapid price increases in the last two months. Similarly, entertainment prices are lagging behind increases recorded nationwide.

Mortgage lending institutions in Georgia are continuing to have their problems, with net worth declining 1.9% in the second quarter and showing weakness even in June. In the southeast, savings institutions clearly have rebounded sharply, with net worth increasing 10.6%. For the nation, gains in net worth also are being recorded, showing an increase of 4.5% during the second quarter.

Both Georgia and the southeast experienced increases in savings capital of 2.4% in the second quarter. The increase nationwide was only 0.7%. Mortgage commitments remain much more aggressive in Georgia, increasing 63.4% as compared to 22.8% for the southeast. For the nation as a whole mortgage commitments were up a moderate 22.1%.

During the last year, the effective interest rate on loans closed in Atlanta fell by 3.20 percentage points to 13% in June. This was a sharper decline than the 2.89 percentage point drop to 12.55% nationwide. Housing prices responded by rising $12,400 in Atlanta as compared to an increase of only $1,400 nationwide. The bigger improvement in financing locally indicates that the Atlanta market has become attractive to lenders. Unfortunately, mortgage rates now are trending upward, and the conventional rate should reach 14.5% late this year before moderating to a 13% rate in 1984. Unfortunately the low mortgage rate level for this housing cycle already may have passed.

Georgia tax revenues fell moderately short of the 7.5% estimates needed to balance the previous year's budget. Accounting changes were necessary to insure that a deficit was not incurred. Revenue estimates are not likely to be attained in the next fiscal year either. Apparently, those making these

estimates have failed to realize the impact that declining inflation rates have upon revenue estimates. The 10.6% revenue gain estimated for the next fiscal year would require an average increase in revenues per quarter that exceeds any quarterly gains in revenues relative to previous year levels in the last fiscal year, which included two quarters of economic rebound. In the spring, total revenues increased 9.3% above previous year levels but had slowed to a gain of only 5.9% in July. Previous quarterly gains were 8.9%, 7.8%, 4.1% and 6.0% respectively. Corporate income taxes, which declined in July, should increase sharply as the year unfolds. However, the slow increase in wages clearly is being reflected in income tax collections, which are far below projections. Although double-digit sales tax receipts have reappeared, the sluggish growth in income taxes certainly suggests that revenue gains in excess of 9.5% are not likely in the next fiscal year. Thus, another year of budgetary difficulties appears in store for the Governor.

Sales tax receipts increased a strong 11.8% in the second quarter, although the gains receded to a 10.1% increase in July. This compares with more modest gains of 7.1%, 7.2%, 4.6%, and 4.8% in previous quarters. Nationwide, sales tax receipts increased 10.5% after showing gains of 8.3%, 7.0%, 5.1%, and 6.5% in previous quarters. Income tax collections in Georgia slowed to a 14.1% gain in the spring, following gains of 18.4% in the winter and increases of 12.1%, 8.9%, and 7.3% in previous quarters. Nationwide the increase was 14.6%. This compared with gains of 10.4%, 7.4%, 8.4% and 7.4% in previous quarters. Corporate tax accruals in Georgia declined 1.4% in the spring. Such accruals had declined 0.9% in the winter. Corporate tax accruals had declined 19.4% in the fall and 14.1% in the previous summer. For all state and local governments nationwide, estimated corporate tax accruals showed a sharp 18.3% rebound in the spring. They rose 1.6% in the winter following declines of 16.2%, 16.1% and 12.1% in previous quarters. While corporate accruals almost certainly will be rising sharply in Georgia as the year unfolds, the moderation in individual income taxes strongly suggests that current revenue estimates for the fiscal year are not attainable. Our current anticipations are that revenues will expand 9.5% in FY 1984 and then accelerate to a 10.5% rate of gain in FY 1985.

Summary of Outlook

After a sharp increase in activity during the first quarter, concentrated in housing related and consumer activity, economic activity in Georgia grew at a more modest rate in the spring. Damp and wintery weather in April may have partially accounted for this degree of slowing. The indicators clearly suggest that activity once again will be accelerating in the second half of 1983. Gross state product should approach the 4% increase expected in our previous forecast for 1983. In 1984, the gross state product will also increase 4% before accelerating to a 5% gain in 1985. Thus, the Georgia economy is expected to outperform the nation this year, then slow slightly relative to the nation in 1984 before regaining significant expansion a year later.

The reason for this apparent slowing is the heavy dependency upon housing and housing related activity in the Georgia economy. Now that interest rates are once again rising, some sluggishness in housing activity is anticipated in the early months of 1984. A return to recessionary activity is not anticipated, but the slowing certainly will impact the lumber, furniture, building material, manufactured homes, and carpeting industries. None of these industries are expected to see significant economic expansion in 1984, following a significant year of gain in 1983. This degree of slowing is expected to also occur

nationwide, permitting interest rate pressures to recede. As a result, the housing related industries once again will be rebounding in 1985.

Total employment is expected to expand 1.8% in 1983, creating 39,500 jobs. Significant employment gains are expected in lumber, manufactured homes, carpeting, printing, and the trade and service industries. Because of previously induced recessionary weakness, employment is not expected to show yearly gains in 1983 for nonresidential construction, primary metals, the machinery industries, paper, or transportation services.

In 1984, significant gains in nonresidential construction, continuing progress in the machinery industries, the beginning of C5-B activity and moderate growth in the services industries should generate employment gains of 2.6%, or 58,900 jobs. However, this is a downward estimate from the nearly 70,000 jobs anticipated three months ago. The reason for this more modest projection is the impact that higher interest rates will have upon the housing related industries in Georgia. Indeed, housing activity probably will decline in 1984, while building materials are expected to show no significant change. By 1985, the interest sensitive parts of the Georgia economy are expected to once again be on the mend. Further increases in aircraft construction, as reflected by a large increase in employment in transportation equipment and continuing expansion of the service sector should generate an additional 67,600 jobs in 1985, an increase of 2.9%.

Because wage gains remain extremely moderate, the employment increases anticipated in the next two years will not generate double-digit gains in personal income. Certainly, payroll gains will be significant in durable manufacturing, the financial sector, and services. However, sharp increases in Social Security taxes both in 1984 and 1985 will limit the degree to which wage gains are translated into increased purchasing power. On the other hand, Georgia agriculture should finally recover in 1984.

Of course, the improved employment conditions mean fewer unemployment benefits. While property income is expected to reaccelerate as interest rates begin rising again, the concentration of property income in Georgia does not favor a dramatic expansion of purchasing power from interest payments.

After adjustment for inflation and tax changes, real disposable income is expected to increase nearly 5% in 1983. The increase then is expected to slow to about 4% in 1984 but maintain that rate of increase in 1985. Thus, strong consumer activity is likely, although the dollar value of that activity will be restricted by the diminished inflationary pressures that currently prevail.

Georgia's dependency upon the housing cycle will begin to create problems late in 1983 and early 1984, as conventional mortgage rates approach 14.5% and housing sales begin to sag. Although an economic pause nationwide should bring some interest rate relief, rising rates will prevent economic expansion from becoming vigorous in the next year.

In is unfortunate to raise questions about the economic health of housing related industries so early in an economic rebound, but the interest rate side-effects of this rebound simply have been too severe to avoid any employment consequences. Slowing in those industries, however, should not be sufficient to re-establish recessionary pressures in Georgia. Thus, the recovery will be more drawnout and less vigorous than previous economic rebounds, but the Georgia economy should continue to perform adequately in the next two years.

Overbuilt Housing to Slow Atlanta Recovery in 1984

Employment growth slowed in the Atlanta area during the second quarter, as rapid increases in trade activity could not be sustained. Indeed, wholesale trade began a modest decline. Retail trade, however, continued its brisk rate of expansion. Services also continued to grow rapidly, but the financial sector showed little further growth after a modest spurt early in the year. Manufacturing in the Atlanta area showed little change, although a temporary reduction in automobile production at one of the auto assembly plants significantly offset modest employment gains in the building materials industry and the machinery sector.

Construction employment may be understated, as the seasonally adjusted data show a decline in that sector. However, housing activity has been at boom levels. During the first six months of 1983, building permits have been growing at a 40,000 annual rate. Our estimates of population flows and housing expansion suggest that an additional 28,000 housing units would be necessary in 1983. Thus, when these units are completed, a significant addition to both single and multi-family housing inventories is expected to develop. This is one reason why our permit estimates for the second half of 1983 show a significant slowing of activity from the first half of the year.

Indeed, the increase in FHA and VA rates to 13.5% and the probable increase in conventional rates to 14.5% suggest that housing needs will be diminishing in 1984. Our current estimate is for less than 25,000 units in 1984 before economic activity permits a 28,000 expansion of housing needs in 1985. Even with a significant slowing during the second half of 1983, housing activity may exceed needs by more than 5,000 units. A significant decline in permits during 1984 will be necessary merely to prevent housing excesses from increasing.

According to the latest Coldwell Banker surveys, non-residential construction activity is not as overbuilt as it was three months ago. The Office Vacancy Index declined from 19.9 in March to 18.4 in June. This remains above the 11.7% index nationwide, but the national index is rising while the Atlanta index is falling. Clearly, absorption rate are above construction activity in the office area at the present time. In fact, the square feet of office space that will be completed in 1983 appears to be more than 2 million below the square footage completed in 1982. If absorption rates remain at the levels that developed early in 1983, Atlanta should approach the national average vacancy rate early in 1985.

Coldwell Banker's Industrial Vacancy Index also was very favorable for Atlanta. Nationwide the index increased from 4.8% in March to 4.9% in June. Over the same period, the vacancy index in Atlanta declined from 2.9% to 2.6%.

Atlanta's lending institutions continue to aggressively encourage builders in the second quarter, increasing their mortgage commitments by 71.1%. Savings capital expanded a relatively modest 2.3% while net worth in Atlanta savings and loans fell 4.3% in the quarter and continued to decline in June. With rates now beginning to rise, improvement in net worth is not anticipated for the remainder of this year.

Because the rebound in manufacturing in the Atlanta area has not been as dramatic as in other parts of the country, manufacturing employment is expected to average less in 1983 than in 1982. In 1984, strong gains in transportation

equipment, partially related to aerospace activity, will dramatically boost manufacturing payrolls. Further rapid increases are anticipated for 1985. Despite these rapid gains, construction activity is not expected to grow rapidly in the next few year. While nonresidential activity is in a lull, housing activity is clearly building in excess of current needs. When nonresidential activity rebounds in 1984 and beyond, housing will need to be sluggish to bring housing needs more in line with housing supply. This construction adjustment will be a major factor restraining employment growth in Atlanta during the next two years.

Also, the expansion of retail activity during 1983 simply cannot be sustained. Although the GSU retail surveys continue to show strong activity, (the latest surveys are more than 20% above previous year levels), such increases certainly cannot be sustained in the light of only moderate gains in personal income.

Despite these more modest projections of employment gains in the Atlanta area than previously, metro Atlanta will continue to outperform the state. In 1983 the metropolitan area should create 21,900 additional jobs. In 1984 36,700 new jobs are anticipated, while increased jobs in 1985 should approach 42,000.

In summary, the Atlanta economy currently is anticipating more housing need than will be forthcoming, especially as a rebound in interest rates almost certainly will reduce the speed by which new households are being formed. As a result, sluggishness in housing and housing related industries will slow the rate of expansion in the Atlanta area late in 1983 and early in 1984. Fortunately, nonresidential construction no longer is building in excess of absorption rates. Thus, even a significant housing fall-off could be offset by gains in nonresidential activity during 1984. There is no danger that the economic recovery will abort, but the speed by which the economy is recovering certainly will slow significantly until interest rates once again trend downward early in 1984.

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Table 1

Georgia Wage & Salary Employment for 1982 with Forecasts for 1983 Through 1985
(Thousands)

Industry	1982	1983	1984	1985	81-82	82-83	83-84	84-85
1. Mining	7.4	7.2	7.3	7.3	-3.9	-2.7	1.4	0.0
2. Construction	103.3	101.2	102.3	104.4	-0.9	-2.0	1.1	2.1
3. Manufacturing	500.9	503.1	513.9	528.7	-3.7	0.4	2.1	2.9
Durables	176.5	177.5	185.0	195.4	-5.2	0.6	4.2	5.6
Lumber	27.5	28.7	28.5	29.1	-4.2	4.4	-0.7	2.1
Furniture	9.4	9.3	9.3	9.5	1.1	-1.1	0.0	2.2
Stone, Clay, Glass	16.0	16.1	16.2	16.7	-7.5	0.6	0.6	3.1
Primary Metals	16.1	15.3	16.0	16.7	-8.5	-5.0	4.6	4.4
Fabricated Metals	17.5	17.2	17.9	18.8	-12.5	-1.7	4.1	5.0
Nonelectrical Machinery	20.7	20.0	20.9	21.8	-10.0	-3.4	4.5	4.3
Electrical Machinery	23.1	22.6	24.4	26.1	0.9	-2.2	6.6	7.0
Transportation Equipment	34.9	36.4	39.3	43.6	-3.1	4.3	8.0	10.9
Other Durables	11.5	11.9	12.5	13.1	2.7	3.5	5.0	4.8
Nondurables	324.2	325.6	328.9	333.3	-4.2	0.4	1.0	1.3
Food	58.5	58.0	58.0	58.5	-1.7	-0.9	0.0	0.9
Textiles	104.2	106.3	107.2	107.5	-8.3	2.0	0.8	0.3
Apparel	69.5	69.3	69.6	69.9	-3.5	-0.3	0.4	0.4
Paper	27.5	26.9	27.5	28.3	-3.5	-2.2	2.2	2.9
Printing	25.4	26.5	27.2	28.0	4.1	4.3	2.6	2.9
Chemicals	17.1	16.9	17.1	17.9	-2.3	-1.2	1.2	4.7
Leather	2.2	1.9	1.8	1.8	-12.0	-13.6	-5.3	0.0
Other Nondurables	19.8	19.8	20.5	21.4	-3.9	0.0	3.5	4.4
4. Transportation, Comm. & Utilities	145.9	146.2	148.9	151.1	0.7	0.2	1.8	1.5
5. Trade	520.3	534.2	548.4	563.7	1.6	2.7	2.7	2.8
Wholesale	164.0	168.6	172.5	177.1	1.2	2.8	2.3	2.7
Retail	356.3	365.6	375.9	386.6	1.8	2.6	2.8	2.8
6. Finance, Ins. & Real Estate	116.4	119.5	123.7	128.2	1.5	2.7	3.5	3.6
7. Services	372.3	389.6	406.9	426.1	3.6	4.6	4.4	4.9
8. Government	434.9	440.0	448.5	457.4	0.9	1.2	1.9	2.0
Federal	84.8	84.8	85.0	85.3	0.0	0.0	0.2	0.4
State & Local	350.1	355.2	363.5	372.1	1.1	1.5	2.3	2.4
Total Wage & Salary Employment	2201.5	2241.0	2299.9	2367.5	0.1	1.8	2.6	2.9

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Table 2 Georgia Personal Income for 1982 with Forecasts for 1983 Through 1985
(Millions of Dollars)

	1982	1983	1984	1985	81-82	82-83	83-84	84-85
Labor & Proprietors' Income:								
1. Wage & Salary Income	34865	37186	40497	44459	6.6	6.7	8.9	9.8
2. Other Labor Income	3357	3790	4256	4758	12.6	12.9	12.3	11.8
3. Proprietors' Income	2870	3210	3589	3869	0.8	11.8	11.8	7.8
Farm	501	463	578	642	-6.3	-7.6	24.8	11.1
Nonfarm	2368	2747	3011	3227	2.5	16.0	9.6	7.2
Labor & Proprietors' Income:								
1. Farm	745	733	872	961	-3.4	-1.6	19.0	10.2
2. Mining	161	161	171	182	1.9	0.0	6.2	6.4
3. Contract Construction	2169	2294	2454	2664	8.6	5.8	7.0	8.6
4. Manufacturing	9226	9946	10913	12039	2.1	7.8	9.7	10.3
Durables	3883	4255	4740	5345	3.5	9.6	11.4	12.8
Nondurables	5344	5691	6173	6694	1.1	6.5	8.5	8.4
5. Transportation & Utilities	4181	4417	4771	5180	8.8	5.6	8.0	8.6
6. Trade	7818	8321	9080	9964	6.0	6.4	9.1	9.7
Wholesale	3823	4059	4421	4854	7.0	6.2	8.9	9.8
Retail	3995	4262	4659	5110	5.0	6.7	9.3	9.7
7. Finance, Ins. & Real Estate	2320	2604	2902	3240	9.4	12.2	11.4	11.6
8. Services	6495	7207	7987	8905	10.8	11.0	10.8	11.5
9. Other Industries	151	171	186	205	5.0	13.2	8.8	10.2
10. Government	7825	8332	9006	9746	8.5	6.5	8.1	8.2
Federal Civilian	1957	2053	2184	2332	7.9	4.9	6.4	6.8
Federal Military	1098	1151	1228	1320	11.4	4.8	6.7	7.5
State & Local	4771	5128	5594	6094	8.1	7.5	9.1	8.9
Plus:								
Property Income	7754	8105	8778	9585	11.3	4.5	8.3	9.2
State U.I. Benefits	325	317	255	241	71.7	-2.5	-19.6	-4.3
Other Transfers	7145	7716	8218	8785	9.0	8.0	6.5	6.9
Residence Adjustment	-127	-144	-161	-173	-	-	-	-
Less: Social Ins. Contributions	2541	2757	3145	3497	9.1	8.5	14.1	11.2
Equals: Total Personal Income	53648	57423	62287	68027	7.7	7.0	8.5	9.2
Nonfarm Personal Income	52902	56690	61415	67066	7.9	7.2	8.3	9.2
% of U.S. Nonfarm	2.09	2.09	2.09	2.11	-	-	-	-

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Table 3 Atlanta SMSA Wage and Salary Employment for 1982 with Forecasts for 1983 Through 1985
(Thousands)

Industry	1982	1983	1984	1985	81-82	82-83	83-84	84-85
1. Contract Construction	45.0	43.8	43.5	45.2	-0.7	-2.7	-0.7	3.9
2. Manufacturing	142.2	140.5	148.0	157.2	-3.8	-1.2	5.3	6.2
Durables	72.1	70.8	76.5	83.5	-3.7	-1.8	8.1	9.2
Lumber	2.6	2.7	2.7	2.9	-10.3	3.8	0.0	7.4
Furniture	3.5	3.3	3.3	3.5	-7.9	-5.7	0.0	6.1
Stone, Clay, Glass	6.6	7.0	7.1	7.3	-9.6	6.1	1.4	2.8
Primary Metals	5.2	4.6	5.0	5.3	0.0	-11.5	8.7	6.0
Fabricated Metals	7.1	6.4	7.0	7.4	-9.0	-9.9	9.4	5.7
Nonelectrical Machinery	7.6	7.7	8.1	8.6	-8.4	1.3	5.2	6.2
Electrical Machinery	11.9	11.6	12.2	13.0	4.4	-2.5	5.2	6.6
Transportation Equipment	22.9	22.6	25.8	29.9	-5.8	-1.3	14.2	15.9
Other Durables	4.7	4.9	5.3	5.6	17.5	4.3	8.2	5.7
Nondurables	70.1	69.7	71.5	73.7	-3.8	-0.6	2.6	3.1
Food	18.6	18.7	19.0	19.4	-3.1	0.5	1.6	2.1
Textiles	4.8	4.3	4.5	4.5	-22.6	-10.4	4.7	0.0
Apparel	8.5	8.4	8.6	9.0	-8.6	-1.2	2.4	4.7
Paper	7.6	7.6	8.1	8.6	-7.3	0.0	6.6	6.2
Printing	16.6	16.9	17.2	17.7	3.8	1.8	1.8	2.9
Chemicals	7.6	7.5	7.7	7.9	-1.3	-1.3	2.7	2.6
Other Nondurables	6.4	6.3	6.4	6.6	1.6	-1.6	1.6	3.1
3. Transportation, Comm. & Utilities	91.9	92.8	95.3	98.5	2.3	1.0	2.7	3.4
4. Trade	280.5	290.3	302.0	313.3	2.5	3.5	4.0	3.7
Wholesale	106.8	104.9	108.2	111.4	1.8	-1.8	3.1	3.0
Retail	173.7	185.4	193.8	201.9	3.0	6.7	4.5	4.2
5. Finance, Ins. and Real Estate	70.0	71.4	73.2	75.3	1.9	2.0	2.5	2.9
6. Services	215.7	223.9	231.5	240.3	3.6	3.8	3.4	3.8
7. Government	162.0	166.6	172.5	178.2	-0.5	2.8	3.5	3.3
Federal	33.1	32.6	32.7	33.0	-3.5	-1.5	0.3	0.9
State & Local	128.9	134.0	139.8	145.2	0.3	4.0	4.3	3.9
Total Wage & Salary Employment	1007.4	1029.3	1066.0	1108.0	1.1	2.2	3.6	3.9

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Table 4 Atlanta SMSA Personal Income for 1981 with Estimates for 1982 and Forecasts for 1983 Through 1985
(Millions of Dollars)

	1981	1982	1983	1984	1985	80-81	81-82	82-83	83-84	84-85
Labor & Proprietors' Income:										
1. Wage & Salary Income	16669	17907	19080	20967	23277	12.4	7.4	6.6	9.9	11.0
2. Other Labor Income	1515	1698	1906	2134	2388	12.2	12.1	12.2	12.0	11.9
3. Proprietors' Income	1085	1134	1294	1429	1538	3.2	4.5	14.1	10.4	7.6
Farm	36	32	29	32	34	72.7	-11.2	-9.3	10.3	6.3
Nonfarm	1049	1102	1265	1397	1504	1.9	5.1	14.7	10.5	7.6
Labor & Proprietors' Income:										
1. Farm	46	43	41	45	48	47.9	-6.5	-4.7	9.8	6.7
2. Mining	20	20	21	22	24	13.0	0.0	5.0	4.8	9.1
3. Contract Construction	991	1078	1133	1192	1316	3.4	8.8	5.1	5.2	10.4
4. Manufacturing	3147	3258	3470	3927	4473	12.4	3.5	6.5	13.2	13.9
Durables	1820	1911	2049	2362	2749	13.5	5.0	7.2	15.3	16.4
Nondurables	1327	1347	1421	1565	1724	10.9	1.5	5.5	10.1	10.2
5. Transportation & Utilities	2604	2875	3059	3331	3681	14.2	10.4	6.4	8.9	10.5
6. Trade	4679	4974	5247	5786	6396	11.0	6.3	5.5	10.3	10.5
Wholesale	2705	2878	2924	3208	3532	11.8	6.4	1.6	9.7	10.1
Retail	1974	2096	2323	2578	2864	9.9	6.2	10.8	11.0	11.1
7. Finance, Ins. & Real Estate	1404	1542	1719	1898	2104	9.3	9.8	11.5	10.4	10.9
8. Services	3583	3970	4375	4804	5303	13.8	10.8	10.2	9.8	10.4
9. Other Industries	35	37	41	44	48	5.7	18.9	10.8	7.3	9.1
10. Government	2761	2942	3174	3481	3810	12.1	6.6	7.9	9.7	9.5
Federal Civilian	810	846	874	931	999	7.4	4.4	3.4	6.5	7.3
Federal Military	99	109	114	121	130	13.4	10.5	4.5	6.2	7.1
State & Local	1852	1987	2186	2429	2681	14.3	7.3	10.0	11.1	10.4
Plus:										
Property Income	3227	3630	3808	4162	4550	20.4	12.5	4.9	9.3	9.3
Transfer Payments	2236	2529	2640	2830	3079	12.7	13.1	4.4	7.2	8.8
Residence Adjustment	-622	-643	-660	-678	-691	-	-	-	-	-
Less: Social Ins. Contributions	1182	1300	1409	1621	1823	20.8	10.0	8.4	15.0	12.5
Equals: Total Personal Income	22928	24955	26659	29223	32318	12.6	8.8	6.8	9.6	10.6
Nonfarm Personal Income	22882	24912	26618	29178	32270	12.6	8.9	6.8	9.6	10.6
% of Georgia Nonfarm	46.67	47.09	46.95	47.51	48.12	-	-	-	-	-
Population (#,Thousands)	2090	2137	2184	2236	2289	2.43	2.26	2.19	2.37	2.40

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Table 5 Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	82-2	82-3	82-4	83-1	83-2(P)	June(P)	82-2	82-3	82-4	83-1	83-2(P)	June(P)
Total	2199.9	2208.2	2205.9	2221.1	2231.2	2243.0	1008.4	1011.7	1012.3	1025.8	1026.1	1029.8
Mining	7.4	7.4	7.3	7.3	7.2	7.1	-	-	-	-	-	-
Contract Construction	104.3	103.4	102.7	100.1	100.7	103.5	44.9	45.4	46.2	46.7	43.8	44.0
Manufacturing	503.0	498.2	494.4	498.0	499.7	502.6	143.2	141.9	139.3	140.6	140.4	140.0
Durables	177.7	176.6	172.2	175.0	175.6	177.5	73.0	72.9	69.2	70.7	70.1	70.4
Lumber	27.3	27.6	28.1	28.5	28.4	28.7	2.6	2.6	2.6	2.7	2.7	2.7
Furniture	9.5	9.5	9.2	9.1	9.2	9.4	3.6	3.5	3.5	3.5	3.3	3.2
Stone, Clay, Glass	16.1	15.9	15.8	16.1	16.0	16.1	6.5	6.6	6.5	6.9	7.0	7.0
Primary Metals	16.3	16.0	15.5	15.4	15.2	15.3	5.3	5.2	5.0	4.7	4.5	4.5
Fabricated Metals	17.5	17.1	17.0	16.7	17.0	17.1	7.2	6.9	6.8	6.7	6.4	6.2
Nonelectrical Machinery	21.2	20.4	19.5	19.2	19.8	20.1	7.8	7.7	7.5	7.2	7.7	7.7
Electrical Machinery	23.6	23.1	21.9	21.7	22.1	22.5	12.1	11.9	11.5	11.1	11.4	11.6
Transportation Equipment	35.2	35.6	33.7	36.5	36.1	36.5	23.3	23.5	21.6	23.1	22.2	22.6
Other Durables	11.3	11.3	11.5	11.8	11.8	11.8	4.7	5.0	4.3	4.8	4.9	4.9
Nondurables	324.6	322.6	321.9	323.0	324.1	325.1	70.2	69.4	69.6	69.9	69.7	69.6
Food	58.9	58.3	58.0	57.8	58.0	58.0	18.7	18.4	18.7	19.0	18.7	18.7
Textiles	104.3	103.4	103.2	103.5	105.0	106.0	4.8	4.7	4.5	4.1	4.3	4.3
Apparel	69.8	69.1	68.7	69.8	69.3	69.2	8.7	8.4	8.2	8.4	8.4	8.4
Paper	27.5	27.4	27.2	27.3	27.0	26.8	7.6	7.5	7.6	7.5	7.6	7.6
Printing	25.1	25.6	25.9	26.4	26.4	26.5	16.5	16.7	16.7	17.0	16.9	16.9
Chemicals	17.3	16.9	16.8	16.9	16.9	16.9	7.6	7.5	7.5	7.6	7.5	7.5
Leather	2.2	2.3	2.0	2.0	1.9	1.9	-	-	-	-	-	-
Other Nondurables	19.5	19.7	20.0	19.3	19.6	19.8	6.3	6.2	6.6	6.3	6.3	6.2
Transportation, Comm. & Util.	146.5	146.0	145.2	145.6	146.0	146.3	92.3	92.3	91.8	92.1	92.8	92.9
Trade	520.9	522.2	523.0	528.2	531.9	535.3	281.6	282.1	283.9	290.0	289.5	290.8
Wholesale	164.0	164.5	165.4	166.8	168.5	168.7	106.7	107.5	108.0	107.5	105.3	104.5
Retail	357.0	357.8	357.7	361.4	363.4	366.6	174.9	174.8	175.1	182.5	184.2	186.3
Finance, Ins. & Real Estate	116.4	116.2	117.5	118.9	119.5	119.5	70.1	70.0	70.3	71.3	71.4	71.0
Services	369.7	373.8	378.7	384.3	387.5	389.6	214.8	217.0	219.2	220.9	223.0	223.7
Government	431.6	441.1	437.0	438.7	438.7	439.1	161.5	163.1	162.7	164.2	165.2	167.4
Federal	84.5	84.8	85.3	85.6	84.5	84.5	33.5	33.1	32.7	32.8	32.5	32.6
State & Local	347.2	356.7	351.2	353.1	354.2	354.6	128.1	129.9	130.0	131.4	132.7	134.8

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Table 6 Metro Atlanta Housing Permits for 1982 with Forecasts for 1983 Through 1985

	1982		1983		1984		1985	
County	single	multi	single	multi	single	multi	single	multi
Cherokee	885	0	1250	25	1100	25	1250	50
Clayton	642	28	1300	20	1050	15	1050	70
Cobb	3337	824	5730	3100	4750	2150	5070	2450
DeKalb	2023	1107	3120	2350	2450	1920	2570	2180
Douglas	307	4	610	13	450	10	540	25
Forsyth	277	30	450	15	410	20	510	30
Fulton	2175	2601	3150	2110	2470	1560	2550	1830
Gwinnett	3686	1523	5420	2630	4630	1730	5220	2210
Henry	334	10	475	20	390	30	470	50
Rockdale	261	138	430	45	370	75	400	100
Total	13936	6265	21935	11330	18070	7535	19630	8995
% Change From Previous Year	+37.7	+10.9	+54.2	+50.5	-17.6	-33.5	+8.6	+19.4
% Change in Total (single + multi)	+28.0		+53.0		-23.0		+11.8	

Note: Douglas is included in 1982 and beyond. The 1981-82 % change figures do not include Douglas in 1982. Cobb totals include Marietta in 1983 and beyond. The 1982-83 % change figures for Cobb exclude Marietta in 1983. Condominiums are included in the multi-family totals.

Source: Homebuilders Association of Metro Atlanta

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Table 7

Atlanta Employment in 1988

	1982	1988	% Change	Annual Rate	Previous Annual Rate
Construction	45.0	52.9	17.6	2.7	2.7
Manufacturing	142.2	171.1	20.3	3.1	3.2
Durables:	72.1	92.9	28.8	4.3	4.7
Lumber	2.6	3.3	26.9	4.1	4.1
Furniture	3.5	3.8	8.6	1.4	3.7
Stone, Clay, Glass	6.6	8.2	24.2	3.7	1.2
Primary Metals	5.2	5.9	13.5	2.1	4.2
Fabricated Metals	7.1	8.6	21.1	3.2	1.4
Nonelectrical Machinery	7.6	10.1	32.9	4.9	4.2
Electrical Machinery	11.9	14.7	23.5	3.6	3.6
Transportation Equipment	22.9	31.3	36.7	5.3	5.0
Other Durables	4.7	7.0	48.9	6.9	4.9
Nondurables:	70.1	78.2	11.6	1.8	1.5
Food	18.6	20.4	9.7	1.6	1.4
Textiles	4.8	4.5	-6.3	-1.1	-2.8
Apparel	8.5	9.3	9.4	1.5	0.7
Paper	7.6	10.0	31.6	4.7	1.9
Printing	16.6	18.7	12.7	2.0	1.7
Chemicals	7.6	8.5	11.8	1.9	1.5
Other Nondurables	6.4	6.8	6.3	1.0	5.3
Transportation, Comm. & Utilities	91.9	105.3	14.6	2.3	2.6
Trade:	280.5	342.1	22.0	3.4	2.5
Wholesale	106.8	116.3	8.9	1.4	1.9
Retail	173.7	225.8	30.0	4.5	2.9
Finance, Ins. & Real Estate	70.0	81.3	16.1	2.5	2.8
Services	215.7	276.2	28.0	4.2	3.3
Government:	162.0	198.3	22.4	3.4	1.1
Federal	33.1	34.8	5.1	0.8	0.6
State & Local	128.9	163.5	26.8	4.0	1.2
Total Wage & Salary	1007.4	1227.2	21.8	3.3	2.6
Population	2137	2441	14.2	2.24	1.77

Georgia State University
College of Business Administration
Economic Forecasting Project
August 1983

Table 8

Atlanta in 1988
Personal Income

	1982	1988	% Change	Annual Rate	Previous Estimated Growth Path
Labor & Proprietors' Income :					
1. Wage & Salary Income	17907	32793	83.1	10.6	10.9
2. Other Labor Income	1698	3358	97.8	12.0	12.6
3. Proprietors' Income:	1134	2042	80.1	10.3	5.6
Farm	32	39	21.9	3.4	-6.9
Nonfarm	1102	2003	81.8	10.5	5.8
Labor & Proprietors' Income:					
1. Farm	43	55	27.9	4.2	2.7
2. Mining	20	30	50.0	7.0	8.1
3. Contract Construction	1078	1957	81.5	10.4	11.4
4. Manufacturing:	3258	6148	88.7	11.2	11.8
Durables	1911	3830	100.4	12.3	13.3
Nondurables	1347	2318	72.1	9.5	9.4
5. Transportation, Comm. & Utilities	2875	5086	76.9	10.0	11.3
6. Trade:	4974	8833	77.6	10.0	10.2
Wholesale	2878	4628	72.8	9.5	10.2
Retail	2096	4205	100.6	12.3	10.2
7. Finance, Insurance & Real Estate	1542	2841	84.2	10.7	11.1
8. Services	3970	7842	97.5	12.0	12.1
9. Other Industries	37	65	75.7	9.8	6.8
10. Government:	2942	5336	81.4	10.4	8.0
Federal Civilian	846	1372	62.2	8.4	6.6
Federal Military	109	183	67.9	9.0	9.1
State & Local	1987	3781	90.3	11.3	8.6
Plus:					
Property Income	3630	5968	64.4	8.6	10.6
Transfer Payments	2529	4108	62.4	8.4	8.7
Residence Adjustment	-643	-735	-	-	-
Less: Social Ins. Contributions	1300	2670	105.4	12.7	13.9
Equals: Total Personal Income	24955	44864	79.8	10.3	10.5
Real Personal Income*	8602	10900	26.7	4.0	2.8
Atlanta CPI	290.1	411.6	41.9	6.0	6.0

* Assuming CPI rises 6.0% per year, adjusted to reflect differences from national purchasing power, and to eliminate CPI bias.

The Georgia State University Economic Forecasting Project collects data, engages in analysis of macro-economic systems, and develops procedures that aid in the creation of econometric descriptions of the national, regional, and local economies. Our research is sponsored by the Georgia State University College of Business Administration and receives financial support from the following organizations:

The Citizens and Southern National Bank
The Coca-Cola Company
Delaware Investment Advisors
(Philadelphia, Pennsylvania)
First Atlanta Corporation
First Railroad and Banking Company of Georgia
Fulton Federal Savings and Loan Association
Lowe's Companies Inc.
Morgan, Keegan and Company Inc.
(Memphis, Tennessee)
Piggly Wiggly Southern Inc.
The Robinson-Humphrey Company
Southern Bell Telephone & Telegraph Company
Trust Company of Georgia

Associate sponsors:

Anglo-American Clays Corporation
Financial Services Corporation
Maxey-Bosshardt Lumber Company
Owens-Corning Fiberglas Corporation
(Toledo, Ohio)

Georgia State University is a unit of the University System of Georgia.